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WORLD NEWS

South African protesters in second rally

Thousands of people took to the streets of Johannesburg yesterday in the second big anti-apartheid march since the South African Government softened its stance on peaceful protest.

The multi-racial crowd marched from the city's Anglican cathedral to John Vorster Square, site of the city's main police station and a symbol for blacks of police detentions and brutality. Page 2

**Pakistan rejoins**  
Pakistan will rejoin the Commonwealth on October 1, Commonwealth Secretary General Sir Shridath Ramphal announced. The move means Benazir Bhutto, Prime Minister of Pakistan, will be able to attend next month's Commonwealth heads of state meeting in Kuala Lumpur. Page 2

**Warning to IRA suspects**  
The Royal Ulster Constabulary warned 12 people identified on a stolen security document as IRA suspects that their lives may be at risk. Page 4

**Engineers' strike move**  
Britain's engineering unions announced plans for strike ballots at British Aerospace, Rolls-Royce, Smiths Industries and NEL. The union is campaigning for a 35-hour working week. Page 22

**Ashdown rallies 61,000**  
Democrats' leader Paddy Ashdown dedicated his party to radicalism and held elections, possibility of a post-election deal with Labour. Page 22

**Urgent gun talks sought**  
Greater Manchester chief constable James Anderson is seeking urgent talks with Home Secretary Douglas Hurd to call for stiffer sentences for illegal possession of weapons. His move follows Thursday's highway ambush and murder of a police inspector by a man with a stolen pistol.

**Hurricane warning**  
Caribbean islanders were warned to prepare for Hurricane Hugo, which is heading towards them with winds of up to 120 mph.

**Colombian bombings**  
Bombs damaged five banks in Bogota, capital of Colombia, where violence has grown since the Government declared war on the country's drug cartels. New arrest in drug trafficking purge. Page 2

**St Leger abandoned**  
The £130,000 Doncaster St Leger has been abandoned - the first time a horse racing classic has been scrapped since war broke out in 1939. Stewards declared the course unsafe because of subsidence. The race will be run next week at Ayr.

**Businessman re-arrested**  
Birmingham businessman Paul Dawes was re-arrested in custody charged with theft and obtaining property by deception. He appeared at Birmingham Crown Court to answer a warrant executed when he failed to turn up for trial earlier this month.

**Canterbury clash**  
The centre of Canterbury, Kent, came to a standstill when pilgrims participating in a multi-faith festival at the cathedral were met by Jews from Christians angry at the cathedral being used by non-Anglicans.

**Top award for actresses**  
The Venice Film Festival award for best actress is shared by Dame Peggy Ashcroft and Geraldine James for their roles in She's Been Awful, a film produced by the BBC.

**Learning to be Mr Right**  
Fifty seven Japanese men are joining a course to learn how to be model husbands. Japan's Health and Welfare Ministry estimates there are 550,000 more men than women in the 20-35 age range. Page 3

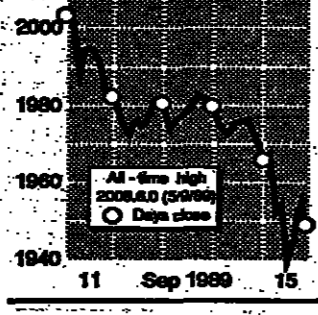
BUSINESS SUMMARY

Improved US trade figure boosts dollar

US DOLLAR rose sharply after a series of US economic indicators suggested America's trade performance was better than expected. The US merchandise trade deficit fell by \$7.58bn (25.12bn) in July, the smallest gap in nearly five years against \$8.01bn in June.

An 0.5 per cent rise in August wholesale prices and a 0.3 per cent rise in industrial production figures in August gave further evidence of a robust US economy. Page 22

**FT ORDINARY INDEX** fell 16.1 to 1,949.7, pushed lower by trading programmes on the last day of the equity account.



It lost 64 points in the week influenced by Wall Street's trend and by a cautious reception for the corporate reporting season in the UK. Page 16; Lex, Page 22; Weekend II

**ANNUAL INFLATION** rate in Britain fell sharply to 7.3 per cent in August from 8.3 per cent in July. Page 22

**LION NATHAN**, New Zealand brewing group, said it was discussing buying into the brewing activities of Bond Corporation, flagship of debt-laden Australian entrepreneur Alan Bond. Page 18; Taking stock under Weekend I

**BARQUE Nationale De Paris** made an offer worth almost \$750m (€1.5bn) for the shares it does not own in BNP (Swiss) its Basle-based subsidiary. BNP (Swiss) said it was looking for provisions for loan losses which would substantially exceed this year's operating profits. Page 10

**AN FRANCIS** and Lufthansa signed an agreement which will involve co-operation in all aspects of management and operations. Page 10

**PLATINUM**, pens, furniture and housewares group, under new management since March, announced pre-tax losses of £2.9m for the 14 months ended March 31, compared with profits of £201,000 for the previous 12 months. Page 8

**LESLIE Investments**, troubled casino and leisure group, said its £170m acquisition of Leisureworld last November is costing it dear when it revealed interim pre-tax profits were £2.1m. Page 6

**FRANCE** has reached an agreement to reschedule the official debts of Iraq, estimated at around FF2.25bn (£2.4bn), setting a three-year-old dispute. Page 2

**LLOYD'S OF LONDON** condemned the decision by the members of the troubled Outwards syndicates to resort to litigation as a way of recovering underwriting losses which stand at £300m, but could reach £1bn. Page 4

**ARMSTRONG Equipment**, industrial fastener and engineering company, was the subject of a failed stock market raid the day after it became the target of a hostile bid from Caparo Group, Swraj Paul's private holding company. JH Finance, power transmission engineer, was believed to have been behind the attempt to buy 5m Armstrong shares. Page 8; London Stock Exchange, Page 15

**RIRSE GROUP**, construction and plant hire concern, is coming to the main market via a £12m offer for sale which values it at £76.5m. Page 8

Murdoch flies into battle for film empire

By Raymond Snoddy

MR RUPERT MURDOCH, the News Corporation chief executive, was last night planning to fly to Los Angeles to see Mr Kirk Kerkorian, the Hollywood entrepreneur, to see what can be salvaged from his apparently unsuccessful \$1.4bn (289m) bid for MGM/UA Communications.

Mr Murdoch appeared yesterday to have lost his battle for the film business in the face of a last-minute increased offer from Mr Christopher Skase, 41, the Australian who had created Qintex, the fast-growing media and leisure group.

Mr Skase topped Mr Murdoch's \$23 by bidding \$25 for each ordinary share, plus \$16 for preferred shares for MGM/UA's holding company Tracinda, controlled by Mr Kerkorian, the American businessman with reputation as one of the toughest negotiators in the film business.

Looking relaxed despite his apparent defeat, Mr Murdoch said at his London headquarters in Wapping yesterday: "We thought we had it."

But he added: "I'm not really sure how final this is. I think I'll get a plane to Los Angeles."

Mr Murdoch's pitch for MGM/UA came as a surprise because with \$60m in borrowing he had clearly implied that his group would avoid chasing really big deals until new finance was raised through Media Partners International.

This was his plan to raise up to \$5bn in equity and debt, with a large number of international partners, to invest in media properties throughout the world.

Mr Murdoch conceded for the first time yesterday that Media Partners had been abandoned, at least in its present form.

"It was a clever idea," he said. "But it was too much of a blank cheque."

Mr Murdoch said yesterday that he was confident of raising about \$2bn from conventional banking sources in spite of his present level of debt.

The first sign that Mr Murdoch might lose his MGM/UA

Communications came in a call to his London home at 1am London time yesterday.

Mr Kerkorian ran to say that his lawyers were unhappy about a commitment to indemnify Mr Murdoch against any law suit by Mr Skase's Qintex group.

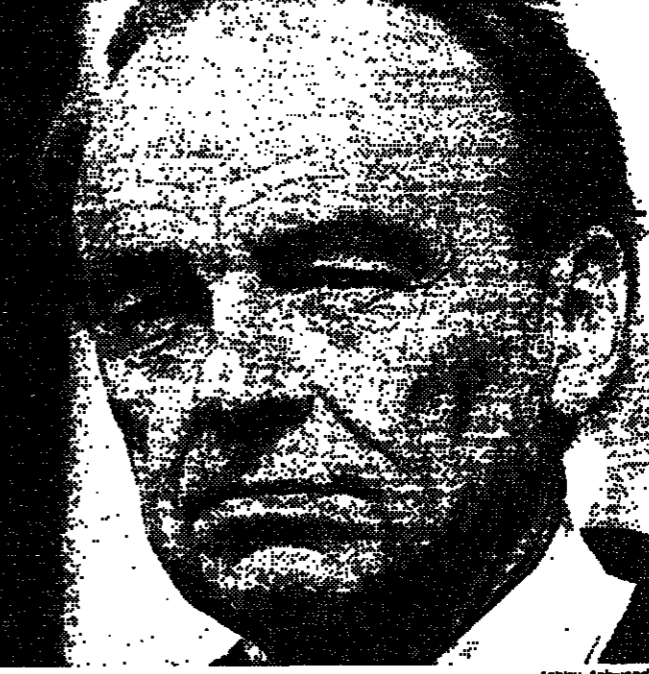
The lawyers wanted to put a cap on any liabilities that might arise from aborting the original negotiations with Mr Skase. Mr Murdoch said no.

Later Mr Kerkorian called again with the news of the increased offer.

Mr Murdoch told him: "We are not going to \$25," and wished Mr Kerkorian "good health."

The announcement from Beverly Hills yesterday seemed firm enough. Following a meeting of the MGM/UA Communications board MGM/UA, its principal shareholder Tracinda and Qintex had amended the agreement under which Qintex would acquire MGM/UA.

The company also said talks with News Corp on a potential



Rupert Murdoch: "too much of a blank cheque"

Accountancy team will probe Ferranti overseas contracts

Hugo Dixon, Terry Dodsworth and David White

FERRANTI International Signal, the troubled defence electronics group, called in a fresh team of accountants yesterday to spearhead an independent investigation into irregularities it suspects in a number of overseas contracts.

Coopers & Lybrand's special investigation unit began its work at Ferranti's Manchester operational headquarters, where it is believed to have seized documents relating to the problem contracts.

Ferranti's second statement this week spoke of "significant irregularities" which in accountancy language usually refers to dishonesty. The assumption was that the problems were partly within the company, not purely with its clients.

The announcement, which followed the suspension of Ferranti's shares on Monday, heightened concern over the company's predicament. The Ministry of Defence is known to be concerned about both the alleged irregularities and the ability of Ferranti - an important supplier of radar and naval systems - to survive the storm.

The Coopers & Lybrand team, which would normally consist of about 10 investiga-

Countdown to suspension

- Sept 1987: Ferranti announces £1bn merger with International Signal & Control
- May 1988: James Guerin of International Signal quits new group
- June 1988: Ferranti issues profit warning
- July 1988: Profits fall by 10%
- July/August 1988: Guerin's shares sold
- Sept 1988: Shares suspended



tors, is expected to sift through documents and interview key witnesses involved in the suspect contracts. Coopers & Lybrand said the investigation would be independent from Ferranti's existing accountants, Grant, Marwick, McIntosh and Grant Thornton, but would want to draw on information from them. Ferranti said the irregularities related to at least three contracts and at least two clients.

Some of the contracts were entered into by ISC Technologies Ltd before the merger of its parent, International Signal & Control Group Plc, with Ferranti in November 1987, according to the statement. In one case, the irregularity related to inventory held by

International Signal & Control Group at the time of the merger.

The problems concerned payments being withheld by clients on some contracts and the over-valuation of stocks on others, according to a source close to the investigation.

ISC Technologies Ltd was the London-based marketing outfit at the centre of a web of companies operated by International Signal & Control Group. In the year to the end of March 1988, it had turnover of \$391m, made pre-tax losses of \$65m and had 18 employees.

How ISC Technologies Ltd conducted its business and the nature of its relationship with International Signal & Control

Hoyle wins extension in timetable for BAT takeover

By Nikki Tait

HOYLAKE, the consortium headed by Sir James Goldsmith which is making a £18.5bn paper bid for BAT Industries, yesterday won an unprecedented extension to the conventional UK takeover timetable.

In a decision which breaks new ground in UK takeover practice, the full Takeover Panel ruled that Hoylake should be allowed to lapse its existing bid for BAT while it attempts to clear certain regulatory hurdles in the US.

It could then make a new offer within 21 days of gaining such clearances - and need not be bound by the normal rules which require a wait of 12 months before a rebid.

Sir James had already said that, if the bid watchdog did not allow the conventional timetable to be extended, he believed it would be impossible for Hoylake to take over BAT. Yesterday, the BAT share price jumped 18p to 819p.

However, the Takeover Panel also gave BAT and its advisers leave to appeal against its decision, and within

hours the tobacco-based conglomerate announced that it would be doing so.

Its statement said that it believed that the Panel's decision was "wrong in principle" and "undermined one of the City's fundamental principles by committing BAT Industries' shareholders to an indefinite and damaging siege."

Hoylake's request for an extension was prompted by the need to gain approval for the US state insurance commissioners for a change of control of Farmers Group, BAT's US insurance subsidiary.

It maintained that it had become obvious that these consents could not be obtained within the conventional UK timetable, and suggested that the one-year moratorium on renewal of bids should be relaxed.

At the same time, it contended that BAT had indulged in "frustrating action" by its lobbying and legal manoeuvres in the US.

In the ruling, the panel said that it viewed the matter as a novel and "extremely difficult"

case. But it suggested that similar situations - involving a clash between a UK timetable and foreign regulatory processes - were likely to occur. Accordingly, it plans to add a note to the Takeover Code, giving further guidance on its general approach in such instances.

Announcing its decision, the Panel made clear that Hoylake must pursue the US regulatory process as quickly as it can, and may not buy any more shares in its target until any new offer is announced. The existing offer will lapse as soon as possible after the appeal hearing.

On the question of frustration by BAT, the panel said it did not consider lobbying to constitute frustrating action. It also rejected the allegation with regard to BAT's actions vis-a-vis the insurance commissioners and in certain US court proceedings, but this time with some warning remarks to the tobacco-based conglomerate.

An extremely difficult case, Page 8; Markets, Page 15; Lex, Page 22

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York benchmark: \$1.5435	New York benchmark: DM1.9915	FT-SE 100: 2,985.5 (-15.5)
London: \$1.5385 (1.5579)	FRF6.7185	FT Ordinary: 1,949.7 (-18.1)
DM3.0775 (3.07)	SPY17.22	FT-A All Share: 1,200.32 (-0.8%)
FF10.375 (10.3)	London: DM42.0 (1.989)	FT-A long gilt yield: 8.86 (9.53)
SP2.856 (2.85)	FRF.745 (R.495)	New York benchmark: DJ Ind. Av. 2,670.4 (-5.5)
Y228.75 (228.5)	SP17.226 (1.995)	Tokyo: Nikkei Closed
£ Index 91.1 (91.3)	Y148.7 (228.5)	London MONEY
New York Comex Dec 9382.51	\$ Index 73.1 (72.1)	3-month interbank: 13 1/8 (13 1/8)
London: 9362 1/2 (931 1/4)	Tokyo close: 145.85	
N SEA OIL (Argus) Brent 15-day \$17.825 (17.825)	US LIGHTCRUDE: SATES: Fed Funds 9% 3-mo Treasury Bill: yield: 7.81% Long bond: 100 1/8 yield: 8.07%	

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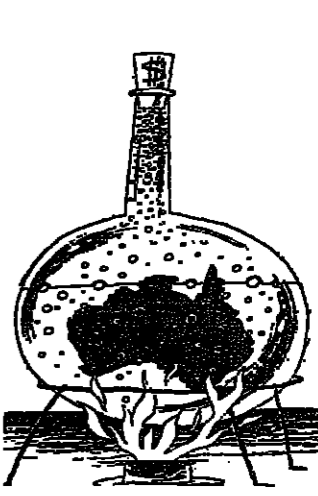
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(You should expect to receive your Mini Prospectus in early October. There is no obligation to invest.)

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Weekend FT



TAKING STOCK DOWN UNDER

John Plender on the debt legacy Australia has been left by the spending spree of its entrepreneurs Page I

Finance Andrew Hill finds out what the incentives are for buying shares in the water industry Page III

How to Spend It Lucia van der Post looks at a new store for City slickers Page XXI

Diversions The latest dispatch from the British climbers on Mount Everest Pages XVI, XIX-XXI

Motoring Stuart Marshall tries one of the poshest models in the Jaguar XJ6 range Page VIII

Arts Max Loppert on the ENO's controversial production of The Masked Ball Page XXII-XXIII



OVERSEAS NEWS

France reaches rescheduling accord with Iraq for £2.4bn debt

By George Graham in Paris

FRANCE has reached an agreement to reschedule the official debts of Iraq, settling a three-year-old financial dispute between the two countries.

The Iraqi embassy in Paris said yesterday that an agreement had been signed in Baghdad, by a French delegation including representatives of the foreign, finance and defence ministries, and that it would make the repayments due for 1988 and 1989 within the next three months.

Interest is understood not to have been paid since 1986. Iraq renegotiates its debts to foreign governments bilaterally, having resisted pressure to bring them together under the auspices of the Paris Club of creditor governments.

French officials confirmed the agreement, and said that Compagnie Française d'Assurance pour le Commerce Extérieur (Coface), the state export credit guarantee agency, would now probably be able to resume its cover of contracts with Iraq.

which need Coface guarantees, have been affected. The BNL affair (unauthorised export credits provided by the Banca Nazionale del Lavoro) shows that the Iraqis are capable of finding alternative financing arrangements in the absence of export credit guarantees, commented one Paris official. Among the

French companies which could benefit from this week's agreement is Dassault, the military aircraft manufacturer, which hopes to interest Iraq in its Mirage 2000 fighter. Dassault officials had said earlier this year that they had strong chances of selling around 50 of the fighters to Iraq, though the Soviet MiG-29

was still in competition, as well as of winning a contract for Alphajet training aircraft, in competition with British Aerospace's Hawk. The French Finance Ministry, however, was extremely unwilling to finance such a large deal - estimated at FF225bn - while Iraq was in default on its existing debts.

Breakthrough in talks on El Salvador guerrilla war

By Richard Johns in Mexico City

REPRESENTATIVES of the El Salvador Government and the left-wing guerrilla organisation, the Farabundo Martí National Liberation Front (FMLN), have achieved a significant breakthrough by agreeing to a schedule of framework for negotiations to end the 10-year-old civil war.

This follows two days of talks in Mexico City, the first attempt at dialogue since the right-wing government of President Alfredo Cristiani came to power in June.

The next round is expected to take place in the next few weeks at a venue yet to be decided. The Auxiliary Prime of El Salvador, Archbishop Gregorio Rosa Chavez, who was attending as an observer, expressed satisfaction with the progress of the talks.

The Government has agreed that future negotiations should be attended by international observers, as demanded by the FMLN. Before talks were resumed, the FMLN team, led by their top commanders, Joaquín Villalobos and Carlos Jorge Handal, modified the guerrilla movement's opening position.

This had called for an initial ceasefire no later than November 15, to be accompanied by political, judicial and military measures leading to its recognition as a political party, and an definitive end to hostilities no later than January 1990.

The FMLN agreed to discuss an end to the ceasefire and drop some of its demands for immediate constitutional reforms. It suggested a more flexible scheme for reducing the size of the armed forces following a ceasefire.

Negotiations will take place in the new regional context created by the accord concluded by the president of Costa Rica, Rafael Ángel Ángel, on the dismantling of the US-supported Contra rebels encamped on the Honduran border, opposing the Sandinista regime in power in Nicaragua.

Pakistan rejoins Commonwealth on October 1

By Robert Mauthner, Diplomatic Correspondent

PAKISTAN will rejoin the Commonwealth on October 1. It had left the organisation because of its row over the recognition of Bangladesh, formerly East Pakistan, Sir Shridath Ramphal, Commonwealth Secretary-General, formally announced in London yesterday.

Ms Benazir Bhutto, the Pakistani Prime Minister, will represent her country at the Commonwealth Heads of Government meeting in Kuala Lumpur from October 16 to 24. Commonwealth officials confirmed.

Pakistan is the first country to rejoin the Commonwealth after leaving it and will become the 49th member of the organisation, which is made up of former members of the British Empire. Its re-admission was approved unanimously, Sir Shridath said.

Ironically, it was Ms Bhutto's father, the late Mr Zulfikar Ali Bhutto, who took Pakistan out of the Commonwealth in 1972 after some of its leading members had recognised an independent Bangladesh.

The groundwork for the return of Pakistan to the organisation was laid at talks between Ms Bhutto and Sir Geoffrey Howe, the former British Foreign Secretary, in Islamabad last March, and the final touches were added last July.

On that occasion, the Pakistani Prime Minister had lunch with the Queen (the Head of the Commonwealth), as well as talks with Mr Margaret Thatcher, Britain's Prime Minister.

Pakistan's return to democratic government under Ms Bhutto after 11 years of military dictatorship and the consequent improvement in its relations with India have also been important factors in its decision to rejoin the Commonwealth has received from other member states.

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BNL affair underlines West's fears over technology transfer

THE discovery of billions of dollars of improper loans which travelled from Atlanta, Georgia, to the Iraqi capital, Baghdad, and various international banks and companies has become much more than a scandal to shake the Italian banking community, Alan Friedman reports from Milan and Rome.

It has underlined Western fears about Iraq's attempts to procure machinery to build its own sophisticated armaments industries, and brought to light the uncertainties among exporters and government agencies as to what constitutes sensitive equipment.

In Italy, and in money centres around the world, the scandal is known quite simply as the "BNL affair". The initials refer to Banca Nazionale del Lavoro, the biggest bank in Italy whose branch in Atlanta made a series of unauthorised loan agreements with Iraq amounting to \$2.2bn, and extended commodity export credits for \$830m. That brings BNL's total Iraqi exposure to more than \$3bn, of which \$1.85bn has been paid out.

The Atlanta branch was headed by an elusive 36-year-old naturalised American of French origins, Mr Chris Drogoul, a rather aloof "whiz-kid" who organised most of the Iraqi loans between February 1986 and July 1989, and recorded them on a personal computer at his luxury home.

Most of the Iraqi letters of credit were signed by Mr Drogoul's chief deputy, a highly-rated documentary services specialist, Mr Paul von Wedel, who worked previously at Citicorp and Southern National Bank in Atlanta.

But there were problems. The BNL Atlanta branch had an individual client lending limit of \$500,000, and the Iraqi loans were not formally approved by either BNL's head office in New York or by general headquarters in Rome.

Furthermore, based on information that is now in the hands of both the US Attorney's office in Atlanta and Rome magistrates, it appears that the Atlanta branch sent telexes to Rome claiming that the series of direct loans from Atlanta to the Iraqi central bank were backed by pledges of collateral. No one can find any evidence of such collateral.

Mr Drogoul has been sacked by BNL and Mr von Wedel has been suspended without pay. Both are under investigation by US and Italian judicial authorities. Meanwhile, Baghdad is demanding that BNL hand over the \$550m of unused credits that were confirmed, plus another \$600m-plus of unconfirmed credits.

Clearly neither BNL nor the Italian Treasury, which owns 74.5 per cent of BNL, wishes to channel more funds to Iraq. On the other hand neither wishes to write off all or part of the \$3bn should Baghdad place debt servicing in doubt.

Up to this point the story is a large-scale financial scandal with serious implications for the reputation of Italy's banking community. But in the past seven days other pieces of the jigsaw have begun to emerge. It was discovered that at least 20 US and European companies involved in trade with Iraq, in militarily useful technology, had been beneficiaries of at least \$200m of unauthorised loans from BNL's Atlanta branch. Many foreign companies are helping to equip integrated military-industrial complexes in Iraq. Among the

companies involved in the legal sale of dual-use products - those with apparently civilian application - was Matrix Company, a UK-based machine tool company controlled by Iraq, and with interests in the US and Germany. Two incidents involving Matrix and related companies have shown how sensitive Western governments are about Iraqi attempts to acquire technology.

First, a \$14m machine tool project being undertaken by Matrix Churchill's American arm for the Iraqi state's Machine Tools Company and financed by BNL. Atlanta letters of credit hit a serious snag early this year. The Commerce Department said it would not grant an export licence for a key \$500,000 piece of equipment until satisfied it would be used only for civilian commercial purposes.

The project's contractor, XYZ Options of Tuscaloosa, Alabama, despatched Mr Richard Kendrick, one of its two principle partners, to Baghdad on Thursday night to show US Embassy officials around the new tooling plant. The plant will allow the Iraqis to make their own high-precision tungsten carbide tools, thereby freeing them from imports of the equipment. Matrix Churchill and XYZ said the tools will be used for machining commercial components such as engine and transmission parts.

But one particularly sophisticated computer controlled jig grinder attracted the attention of US export control officials. It could be retrofitted for defence purposes, including the machining of missile parts and nuclear-related components. XYZ has hired four people to work in Iraq for a year to help start up the plant and some 30 Iraqis have been training at machine tool companies in the US. Mr Kendrick said he remained confident that US authorities would allow the export of the jig grinder made by Moore Special Tool of Bridgeport, Connecticut, which is essential to complete the plant.

East Germans call off talks with Bonn's SPD

By David Goodhart in Bonn

EAST GERMANY'S ruling Socialist Unity Party (SED) yesterday temporarily broke off relations with the West German Social Democrats for the first time in over 20 years, raising the tension between the two Germanys caused by the flow of young East Germans into West Germany.

The SED announced that a 14-member SPD delegation to East Germany next week, the subject of angry inter-party debate inside West Germany, was cancelled. Several other meetings - which form part of the regular contacts between the two parties - have also been called off.

It appears that the SED is angered by the SPD's more openly critical stance towards the East German regime. Mr Horst Ehmke, an SPD foreign policy expert who was to have led the delegation, had also planned various meetings with church and opposition groups in East Germany and intended to make this clear to the SED. Mr Hans-Jochen Vogel, the SPD leader, was also unusually critical of the SED in a speech to the Bundestag.

The SED-SPD relationship is an important barometer of East-West German relations. SPD prompting led to rapprochement between the Germanys in the late 1960s and early 1970s. All West German Governments have subsequently pressed for more human rights and freer travel without wanting to destabilise East Germany. However, the SPD has been particularly vocal during the current crisis from appearing too "soft" on East Germany.

Thousands march in Johannesburg

By Patil Waldmeir in Johannesburg

THOUSANDS of people took part in an anti-apartheid march in Johannesburg yesterday, the second of a series of demonstrations which the South African Government adopted a more lenient attitude towards peaceful protest.

A multi-racial crowd halted lunchtime activity along a 10-block route from the city's Anglican cathedral to the main police station, John Vorster Square, a symbol for blacks of police detentions and brutality. Both yesterday's march and a demonstration in Cape Town on Wednesday which attracted at least 15,000 participants, were among the largest protests ever to be staged in either city.

Some 2,000 people also protested yesterday in Pretoria, where demonstrators claimed that the statue of Paul Kruger, the Afrikaner patriarch who was president of the Transvaal republic during the Boer War. The row profiled by the march demonstrated a shift in government policy towards the anti-apartheid opposition.

Live fast and die young in America's speedy pizza business

Roderick Oram on a fast-food delivery service which is drawing criticism for involvement in traffic accidents

DELIVERING a pizza is as dangerous as working down a mine if you drive for Domino's, the fast-food company dominating the US market and spreading rapidly abroad.

At least 10 drivers, many of them students working part-time, were killed in the US last year in their efforts to meet the company's promise to deliver pizzas to customers' homes within 30 minutes of the orders being placed, according to the National Safe Workplace Institute.

Domino's drivers were involved in about 100 traffic accidents which resulted in the deaths of 10 members of the public and many more serious injuries last year in the US.

As our society pushes for more convenience, more companies will try Domino's tactics, says Mr Joseph Kinney, executive director of the Chicago-based Institute. He worries that young employees of such companies will be the main victims. "I also see parallels in Europe, where people are wanting more hamburgers and less tea and biscuits."

Domino's Pizza, a Michigan company which claims half the pizza home delivery market in the US, introduced its pledge about 2 1/2 years ago. If customers have to wait more than half-an-hour they receive a \$3 discount or, in parts of the US, a free pizza.

It has extended the same promise to its operations in 17 countries abroad, including the UK and West Germany. It generates revenues of more than \$2m (£1.3m) a year from 4,800 company-owned and franchised stores in the US and some 300 overseas.

It says the commitment to speedy delivery has contributed to its rapid growth. But more than a dozen lawsuits have been filed against the company this year in the US by families suffering death or injury in accidents involv-

ing Domino's drivers. Lawyers are contending that Domino's pay system encourages reckless driving. Drivers usually get the statutory minimum wage of \$3.35 an hour plus a mileage allowance for using their own cars. But more deliveries mean more tips, pushing pay towards \$10 an hour for productive drivers.

The cost of discounts and free pizzas for failing the 30-minute test is borne by the franchisee or company store. Critics such as Mr Kinney believe many store managers find ways - sometimes against franchise agreements - to penalise late drivers and reward those on time.

"Kids are paying with their blood for Domino's marketing strategy," says Mr Kinney. "We are talking about unnecessary deaths." The death rate among Domino's drivers is 50 per 100,000, he calculates, a level comparable to mining in the US and far above the construction industry's 30 per 100,000.

Domino's says it still has no firm figures on accidents. "We believe it's less than 10, but even one is too many," says Mr Ronald Hingst, the company spokesman. Its studies so far have found accidents were caused by a wide range of factors such as bad weather and sleepy drivers rather than its pay system.

"This issue is not top-of-the-mind among consumers but it is among the media, insurance companies and some police people," he adds. "We realise we have a perception problem. About 85-90 per cent of our business is home delivery, so people may not visit our stores and so don't understand how we can prepare and bake a custom pizza in 12 minutes, get it ready for delivery in three and leave the driver 15. Most of our deliveries are within one to two miles."

The trouble is, says Mr Kinney, drivers often have to get to several addresses in the time. Fewer than 5 per cent of the 200m-plus pizzas Domino's delivered in the US last year were late, says Mr Hingst. So far among its big competitors, only Pizza Hut, owned by PepsiCo, offers a similar guarantee, but this is only in selected rural markets where traffic is light.

Other fast food companies have been reluctant to copy Domino's pledge, citing the potential for danger. But it is also not uncommon for small independent pizza competitors to offer even quicker delivery to wrest some business from Domino's.

IS LONDON UNDER THREAT? for commentary read Savills' Central London Office Surveys SAVILLS please contact Siobhan Pandya, Head of Commercial Property Research 01-499 8644

New arrest in Colombian drive on drug trafficking

By Sarita Kendal in Bogota

GENERAL Miguel Maza, head of the Colombian secret police, yesterday announced the arrest of Mr Bernardo Pelaez, claiming he was the most important person to be caught in the anti-drug offensive.

Mr Pelaez is wanted by a Michigan court for allegedly conspiring to import cocaine. So far, Mr Eduardo Martínez, said to be a Medellín cartel money man, is the only person to have been extradited to the US in the current crackdown, but a decision on the case of Ms Anna Helena Rodríguez, accused of cocaine trafficking by a Florida court, is expected shortly.

Italy and Austria in pact to end lorry blockade

By John Wyles in Rome

TRANSPORT Ministers of Italy and Austria yesterday reached an interim agreement in Vienna aimed at ending this week's border protest by drivers of heavy lorries which has largely blocked Italian commercial transport bound for northern Europe via Austria.

Main road approaches to the half-dozen customs posts on the Italian side of the border have been completely blocked for much of this week by what seems to have been a spontaneous protest by the drivers.

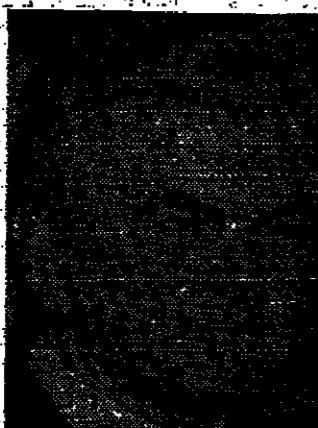


OVERSEAS NEWS

Hawke urges pilots to sign contracts with airlines

By Chris Sherwell in Sydney

MR BOB HAWKE, Australia's Prime Minister, yesterday tried to switch tactics in a further intervention to end the costly pilots' dispute...



Hawke: 'No alternative'

Appealing over the heads of the Australian Federation of Airline Pilots, he wrote directly to the 1,600 pilots who have resigned their jobs over a 29 per cent pay claim...

His appeal coincided with strong criticism of his handling of the dispute, and prompted a cold reaction from the pilots' federation...

Mr Brian McCarthy, the federation's leader, repeated his claims that the government's aim was to crush the federation ahead of deregulation...

He again ridiculed the airlines' predictions that they were signing up federation pilots and would soon be able to offer full services...

In his letter, Mr Hawke said he was writing as "Australian to Australian", and referred to the pilots' "distinguished profession".

Currency market put at £24bn

By Chris Sherwell in Sydney

AUSTRALIA'S foreign exchange market, which ranks around seventh largest in the world, is relatively concentrated...

Details of a survey by the Reserve Bank, the country's central bank, showed that gross turnover for all currencies averaged US\$87m (£24bn) a day...

The survey, published yesterday, covered the full month of April and all authorised foreign exchange dealers and brokers...

Packaging war claims victim

By Chris Sherwell in Sydney

THE AGGRESSIVE pricing war in Australia's A\$900m (£47m) corrugated box packaging market claimed a victim yesterday...

The 10-year battle has involved Amcor, one of Australia's largest and best known companies, and two of the country's richest private businesses...

In yesterday's developments, the Smorgons, who had the smallest market share and the least modern plant and equipment...

They also closed their paper and converting plants with the loss of an estimated 500 jobs...

Youths killed as West Bank clashes continue

By Chris Sherwell in Jerusalem

A SURGE of violence in the West Bank's biggest town claimed the lives of two more Palestinians yesterday as the Israeli coalition government wrangled over its response to Egyptian proposals...

Hospitals in Nablus said a 12-year-old boy was shot dead by Israeli forces and a youth aged 18 was similarly killed in clashes at the boy's funeral...

The deaths are the latest in nearly two weeks of violence in Nablus sparked by an Israeli raid on a group of wanted activists, in which two were shot dead and three wounded...

Mr Yitzhak Shamir, the Prime Minister, said yesterday there were some elements on the political front and he spoke of further discussions with the US and Egypt.

The results showed that the top 10 dealers accounted for about 60 per cent of gross turnover and the top 20 almost 80 per cent...

But for yen dealing the top 10 accounted for 55 per cent of trading, while for Swiss franc and New Zealand dollar trading the figure was around 80 per cent...

Confirmation of the scale of international Australian dollar trading came with indications that gross turnover in the currency averaged around US\$22bn a day...

Abolition of dollar turnover in offshore markets might have averaged at least US\$10bn, the survey showed, with significant volumes traded, unsurprisingly, in London, New York, Tokyo, Hong Kong and Singapore...

According to the bank, preliminary indications are that the Australian dollar may be the fifth or sixth most actively traded currency.

Other points to emerge from the survey include the finding that spot transactions were the most common, accounting for 60 per cent of gross turnover.

Swaps were about 22 per cent, the majority of them short-dated, and forwards, also mostly short-maturity, were around 5 per cent.

Similar surveys elsewhere have shown that London remained the world's largest market, with a net daily turnover of US\$17bn in April. New York was second with US\$12bn, and Tokyo third with US\$11.5bn.

But yesterday Mr Garry Ringwood, general manager of Amcor's corrugated box-making business, said his company would have more than 50 per cent of the market in any Australian state...

What is not clear is whether the rationalisation will mean an end to the price war, which according to one industry analyst has brought "awesome" reductions for consumers...

Mr Ringwood said prices have started to move upwards in the past month, anyway. While he acknowledged that some major customers had long-term contracts on the low price of the past...

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Israel launched a 340th communications satellite in September 1988, using a modified version of the Jericho-II for the launch.

Hawke's objectives were. In an attempt to be a "circuit breaker", he urged the convening of a compulsory conference by the Industrial Relations Commission...

Meanwhile, the Transport Workers' Union formally applied to the Commission to represent the domestic pilots in place of the federation.

It said it already represented other workers in the aviation industry and would seek to negotiate pay increases within the existing 8 per cent productivity-based guidelines...

In a further ominous development yesterday, air traffic controllers, whose grievances have caused repeated disruptions of airline schedules...

The pilots' claim continues to attract little public sympathy because it remains so far outside the guidelines that Mr Hawke is so determined to defend.

The subject failure of the two sides to negotiate a deal before the dispute reached breaking point a month ago has since been swamped by its wider consequences...

One who voiced his worries, Mr George Campbell, head of the metalworkers' union, confessed he had no idea what Mr

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Japanese learn to be a woman's ideal

By Chris Sherwell in Sydney

FIFTY-SEVEN Japanese men, a majority of them university graduates, this week began a different kind of course.

Unable to understand the changing demands of Japanese women, the men are the first intake at a bridegroom school designed to teach them how to be the ideal husband in modern Japan.

Finding a bride has long been a problem for rural men, 20 of whom drove tractors through the fashionable Tokyo suburb of Aoyama last Saturday to highlight their plight as bachelors...

The system, which releases the drug from a capsule of hydrogel polymer, is the culmination of 15 years' work by Professor Neil Graham and colleagues at Strathclyde University, Glasgow.

Prof Graham said it would first be used to help the 15 per cent of women who experience difficulties in childbirth due to an unopened cervix.

The capsule would release prostaglandin hormone at a constant rate over several hours. That would cut labour by about two thirds and could reduce the number of women requiring a caesarean section.

An analogy for the system is to see the prostaglandin molecules as different-sized fish in a net - the hydrogel - which expands with time, letting the fish swim out at a steady rate.

The research has been licensed through the British Technology Group to Control Therapeutics Corporation of Pennsylvania. Prof Graham expects the prostaglandin capsules to receive approval this year.

Prof Graham said the Strathclyde researchers were also developing controlled release systems using biodegradable polymers. Those would work over a much longer period and might be particularly useful in the Third World.

These are marrying later and are less prepared to sacrifice the freedom and economic means of their single life simply for the sake of satisfying their family.

Ms Keiko Higuchi, a lecturer in domestic science, and a teacher at the bridegroom school, says that corporate Japan must bear much of the responsibility for the pressure on men to commit themselves to career first and marriage second.

She said that the graduates of the school will be attempting to change the corporate culture of "male" inside.

"Women are changing and that is one of the most important reasons why men are having trouble getting married. Men have to spend too long at work, and women don't want that."

"It's like the farmers who come to Tokyo. The women see them on the train and know that their life will be second to the work on the farm. They know the farmers just want children," Ms Higuchi said.

Another lecturer at the college, Mr Shigeo Saito, said that men have been "caught up in this Japanese economic miracle" and so their personal development is "deprived".

"People see that men are not as independent as women. They can't look after themselves. As a child, the mother has always been looking after him, and then the company looks after him."

The course, which runs over 12 weeks, has a different lecture theme each week, including: What are women thinking?; Women are discriminated against, and men don't notice; Immature men; Are you timid?; What women want from sex; and Women are changing as the world is changing.

The \$74,000 fee is small relative to total pre-marriage expenses in Japan, which Sanwa Bank estimates at ¥24,000 (£2,536).

One of the students, a 30-year-old teacher, said that Japanese society provides few forums for men and women to talk together about anything other than the most trivial subjects.

"I am aware that because Japan has always been a man's society, and so I don't understand women."

"When I talk to women, I seem to have little common ground, so I probably shut the door to them when I was very young."

Of the 57 students, six are divorcees and four are already married, while many others have been unsuccessful players in the meetings arranged with a previously unseen woman with a view to marriage.

The 30-year-old teacher said that he had been to "several" such meetings, but "I found it very difficult to talk to the women and we didn't go any further."

A 27-year-old office worker said that most of the employees in his company are men, and so he, too, has had minimal opportunity to meet women.

"I just don't know what they are thinking about. When I have a conversation with them, there is always misunderstanding. I have nothing in common with them."

Meanwhile, Japanese farmers desperate to marry have turned increasingly to Filipina brides.

The Philippines embassy in Tokyo estimates there were 65 such marriages in 1986, 1,732 in 1987, and 3,568 last year.

UK NEWS

BRITISH ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE

Government 'interfering with integrity of science'

SIR CLAUS MOSER, the former head of the Central Statistical Office and new president of the British Association for the Advancement of Science, yesterday attacked the Government's attitude to science, statistics and education.

Sir Claus was particularly scathing about the recent decision not to go ahead with a scientific survey of British sexual behaviour, which was intended to gather information to combat AIDS.

He said the veto of the survey by Mrs Margaret Thatcher, the Prime Minister, represented political interference with the "integrity" of science.

"It must be left to the scientists to decide what information to collect and how to publish it," Sir Claus said.

"Nothing depresses me more than a Government interfering with a very carefully designed sexual survey."

Sir Claus said his priority as president of the association would be to campaign on educational issues.

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"What is happening to science and technology in our schools is a disgrace."

"Unless we do something really radical and major, we will become one of the least educated countries in the Western world," he said.

He said schools should be given more money for science and technology projects, and he endorsed the idea of differential salaries for teachers, so that science teachers could be paid more than the average.

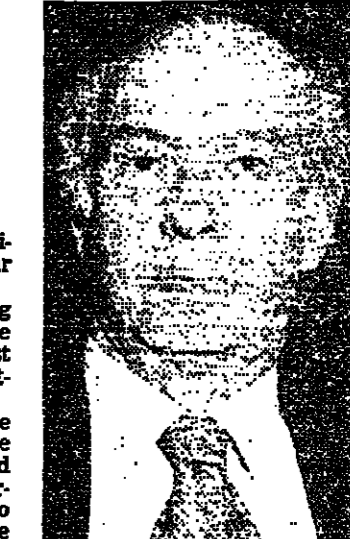
Sir Claus said he would push for an expansion of higher education in Britain.

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Sir Claus Moser: priority for campaign on science and technology education

Drug release capsule will help women in childbirth

A NEW way of releasing drugs steadily into the body will be available for the first time later this year, the association heard yesterday.

The system, which releases the drug from a capsule of hydrogel polymer, is the culmination of 15 years' work by Professor Neil Graham and colleagues at Strathclyde University, Glasgow.

Prof Graham said it would first be used to help the 15 per cent of women who experience difficulties in childbirth due to an unopened cervix.

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Phone routing system will seek out free lines

IRRITATING phone messages such as "lines from Manchester are engaged, please try later," will be heard less often by British Telecom subscribers in the 1990s, the British Association meeting was told yesterday.

Dr Frank Kelly of the Cambridge University statistical laboratory, described the dynamic alternative routing system (DAR), developed jointly by researchers at Cambridge and BT's Martlesham laboratory. DAR will be introduced to the BT network when the computer software for System X trunk exchanges is modernised.

Dr Kelly said DAR would make better use of the network's spare capacity than the present system for routing calls.

It increases the chances that a call will get through when part of the network is overloaded.

DAR makes the whole network behave like a "distributed computer". The present routing system tries a few alternative paths in a fixed sequence when the normal route is busy. DAR uses a computer program to select routes with the most spare capacity, opening up a large number of potential alternative paths.

It can select new alternative paths between exchanges at random and "learn" from experience which paths offer the best prospect of getting a call through.

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Patten seeks EC approval for Eastern bloc environment role

By John Hunt, Environment Correspondent

THE POSSIBILITY of Eastern European countries being involved in the work of the proposed European Community Environment Agency will be raised by Britain at the meeting of EC environment ministers in Brussels on Tuesday.

Sir Chris Patten, the Environment Secretary, believes a larger grouping is necessary to monitor pollution effectively throughout Europe and to get an overall view of the issue.

It would be the first time that an EC programme had been linked to the Eastern bloc.

Industry in Eastern Europe lags behind the West in environmental controls and its emissions pollute EC countries. Britain feels that the Eastern bloc should be closely associated with the new agency in research and the provision of statistics to help to improve matters.

Mr Patten would also like the agency to work in close co-operation with the members of the European Free Trade Association (Efta) - Austria, Finland, Iceland, Norway, Sweden and Switzerland. The Scandinavian countries have complained that they suffer from acid rain caused by sulphur

emissions from power stations in Britain and Eastern Europe.

It will be Mr Patten's first visit to an EC ministerial meeting and the first time for many years that the British Environment Secretary has attended.

Mr Nicholas Ridley, his predecessor, always sent Lord Calthorpe, then minister of state.

Mr Carlo Ripa di Meana, the EC Environment Commissioner, originally envisaged an agency "with teeth" to police the environment along the lines of the powerful US Environmental Protection Agency.

The UK opposed that, and largely as a result of British lobbying, the agency is likely to emerge only as an organisation for research and the provision of information on pollution among member states.

The UK hopes there will be a consensus at the meeting along those lines.

Mr Patten will also press for a ban on trade in toxic waste between developed countries. He wants that taken forward as a group EC initiative with the Organisation for Economic Co-operation and Development.

He will also urge other EC states to adopt Britain's suggestion of a ban on trans-frontier movement of domestic waste for landfill.

The UK will also propose a standard form of "green" labelling of goods throughout the EC to tell consumers whether products are environmentally friendly. That is likely to be readily accepted.

West Germany already has a widely admired "blue angel" label along those lines.

However, Britain has emphasised that any system should be voluntary and self-financing and that a mandatory scheme would be "undesirable, unworkable and unenforceable."

The inquiry had heard evidence of an increased incidence of leukaemia between 1969 and 1973 among young people living near Hinkley Point, site of two existing nuclear power stations.

Leukaemia research 'too limited'

By David Green

RESEARCH INTO leukaemia clusters should cover all possible causes, not just radiation from nuclear installations, the Central Electricity Generating Board told the Hinkley Point C nuclear power station inquiry yesterday.

Mr Michael Humphries, counsel for the CGB, said that clusters of the disease had been found near some nuclear installations, but they had also been identified in districts well away from such plants, including new towns built in rural areas.

Mr Humphries said the possibility that the disease might be caused by a rare response to a virus infection introduced into an isolated community was receiving greater attention among scientists.

However, it would be irresponsible to concentrate resources on pursuing one potential cause to the exclusion of others.

Mr Humphries, who was continuing the board's final submission to the inquiry, said there was no evidence to suggest that the tiny amounts of radioactivity discharged into the environment by nuclear power stations caused leukaemia.

The inquiry had heard evidence of an increased incidence of leukaemia between 1969 and 1973 among young people living near Hinkley Point, site of two existing nuclear power stations.

Child leukaemia clusters have also been identified near the British Nuclear Fuels reprocessing works at Sellafield in Cumbria and the UK's Atomic Energy Authority research establishment at Dounreay in Caithness, but official investigations have found no evidence of a link with radioactive discharges.

Observers at the Hinkley inquiry have said that although a link has not been proved, it was probable that nuclear installations were a contributory factor.

Westland Helicopters is to cut more than 70 jobs. The company employs more than 4,800 people.

The redundancies, announced yesterday, are all in the support services side of the Yeovil, Somerset, company. Mr John Varde, managing director, said the reduction was part of a continuing review aimed at cutting costs and maintaining competitiveness.

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UK NEWS

# Lloyd's attacks lawsuit by Names of Outhwaite

By David Waller

LLOYD'S OF London yesterday condemned the decision by the members of the troubled Outhwaite syndicates to resort to litigation as a way of recovering underwriting losses which stand at £304m, but could ultimately be as high as £1bn.



Peter Nutting: litigation would hasten dialogue various parties.

Lloyd's said litigation would damage its own efforts to find a solution to the affair, particularly the appointment earlier this year of Mr Mark Littman, QC, as a conciliator to resolve dispute between the Outhwaite names and other Lloyd's syndicates.

After a meeting of 800-900 of the 1,614 names and their advisers on Thursday afternoon, the members plan to issue writs by the end of the year against members' agents and R. H. M. Outhwaite, the underwriting agency which ran the Outhwaite syndicates. Mr Peter Nutting, chairman of the 1982 Names Association, rejected Lloyd's assertion that the conciliation process would be harmed by the lawsuits. At a press conference, he said the pressure of litigation would hasten dialogue between the

arate issue from the disputed contracts being tackled by Mr Littman.

Lloyd's reiterated its argument - detailed earlier this week in a letter to all the Outhwaite Names - that the main issue was indeed that of so-called open accounts: that losses from the 1982 underwriting year still could not be quantified because of the disputed contracts and because it was impossible to hive off the tail of liabilities from that year to other syndicates via reinsurance.

Speaking from home, Mr Murray Lawrence, chairman of Lloyd's, said the insurance market was taking concrete steps towards solving both these issues. Measures - as yet unspecified - would be introduced to encourage underwriters to leave years open and the possibility of creating a new vehicle to accept high risk reinsurance was being considered.

Mr Littman yesterday confirmed to Mr Lawrence his belief that litigation in the near future would be unhelpful to the conciliation process.

# EC nations in accord on single stock exchange

By Richard Waters

THE STOCK exchanges of the European Community's 12 member countries yesterday agreed unanimously to push ahead with the goal of creating a single stock market for Europe's largest companies.

Their decision, taken during a two-day meeting of the Federation of Stock Exchanges in the European Community, marks an important step forward and appears to overcome some of the rivalry between national exchanges.

These had been stirred up by a statement earlier this year from Mr Andrew Hugh Smith, chairman of the London Stock Exchange, that the markets on the continent should agree to a joint venture or risk competition from London.

However, representatives of the exchanges were cautious yesterday about the prospects for developing the market in the near future because of a series of national differences. These include finding a way of linking the exchanges' respective settlement systems, as well as overcoming different market practices and legal backgrounds.

As expected, the exchanges agreed to set up a jointly owned commercial company to develop an information system linking all the markets. Known as the "Pipe," this will carry "live" share prices as well as price-sensitive company announcements. It will be made available to subscribers, as well as information vendors such as Reuters.

The Pipe will be one important part of a unified market, said Dr Ettore Fomagalli, chairman of the Federation and of the Milan stock exchange. Other aspects on which work is to begin are the way cross-border deals are handled, and the way regulators in different countries work together.

Mr Hugh Smith, who described settlement as the single biggest problem ahead, said that the exchanges may decide jointly to set up a commercial clearing system, similar to those that already operate in the Eurobond market.

By linking up with banks, such a system would ease the administration for investors who sold shares in one currency and wanted to invest using another currency.

He also said that before a single market for the leading European companies could be created, there would need to be sufficient regulation to give stockbrokers in one country confidence in those in any other European country with whom they might deal.

# A battered party heals its wounds

Philip Stephens looks at the closing mood of the SLD conference

THE Social and Liberal Democrats left Brighton yesterday in relatively sanguine mood.

The party created from the ashes of the Liberal/SDP Alliance managed at its conference this week to heal many of the wounds that had threatened earlier this year to consign it to political oblivion.

Mr Paddy Ashdown emerged, according to most delegates, as a credible if not yet charismatic leader, with his authority over the party in the country and his often unruly parliamentary colleagues considerably enhanced.

The Democrats' standing in the opinion polls, although still well below 10 per cent, has edged above the 5 per cent to which it dropped after its disastrous performance in the European elections.

Mr Ashdown could claim the conference as a success for three reasons.

The Liberal and SDP wings of the party appeared to be - in spite of some continuing tensions - far easier with each other than for some time. There are still sources of irritation, including the expected change next month in the party's short title to Liberal Democrats, but little sign of open conflict.



Mr Paddy Ashdown: emerging as a credible leader

The party's decisive switch to a policy of multilateral nuclear disarmament laid to rest the spectre of unilateralism, raised at the Liberal conference three years ago.

The leadership's success in beating off a motion of no confidence in the party officers and blocking a plan to transfer more authority to the conference should make more disciplined policy-making possible.

However, if rows and splits among the rank and file did not emerge on anything like the scale some had predicted, the Democrats' strategists readily admitted that there

was no room for euphoria.

The general view among senior party members was that reversing the trend towards self-destruction would not in itself be enough to regain credibility with the voters at large. A straw poll found the optimistic view that this week's conference might just be enough to preserve the Democrats' present tally of 19 seats in the House of Commons at the next general election. With a swing against the Government and a fall in support for the Green Party, that might be possible with perhaps 15 per cent of the vote.

The realists pointed to 10 to 15 seats as the most likely outcome - providing a basis to rebuild electoral appeal during the next parliament.

There was much emphasis this week on the need for the Democrats to carve out a separate identity for themselves as Labour and the Conservatives intensify their struggle for the centre vote.

Mr Neil Kinnock, the Labour leader, will signal at his conference next month that the party's recent shift towards the centre will continue in the run-up to the next general election.

The Democrat leader may also have to accept deals made in individual constituencies with other small parties, including the Greens and perhaps the Welsh nationalists.

Against that background - and Mr Ashdown's brave rhetoric yesterday notwithstanding - the party looking beyond the next election for the realignment of British politics that the centre has promised, but failed to deliver during the 1980s. The main aim until then will be to survive as a credible third force.

# IRA suspects' lives 'at risk'

By Our Belfast Correspondent

THE ROYAL ULSTER Constabulary took steps yesterday to warn the 12 people identified as IRA suspects in a security document stolen from a Belfast police station that their lives might be at risk.

The document, taken from Dunmurry police station, near Belfast, over a week ago, contained the suspects' photographs and names. Police refused to comment yesterday on reports that more than 100 officers had been questioned about the disappearance.

RUC sources said yesterday there was no evidence to suggest that the document had fallen into the wrong hands.

However, the appointment of a senior officer from an outside force - Mr John Stevens, deputy Chief Constable of Cambridgeshire - to head the investigation is a clear indication of the seriousness with which it is being treated.

The investigation will embrace the disappearance of a

classified document from an Ulster Defence Regiment base in County Down earlier this week. The report will go to Mr Hugh Amessley, the RUC Chief Constable. If there are grounds for suspecting criminal activity, it will be forwarded to the Director of Public Prosecutions.

Mr James Grew, chairman of the Independent Commission for Police Complaints, said yesterday he had contacted the offices of Mr Peter Brooke, the Northern Ireland Secretary, the Police Authority for Northern Ireland and the Mr Amessley about a possible role in the inquiry.

Mr Gerry Adams, the president of Sinn Fein, the political wing of the IRA, said police had informed those on the list that their descriptions may be in the hands of "a loyalist para-military group."

The issue of security force leaks to loyalist para-military organisations dominated the

Anglo-Irish intergovernmental conference meeting in Dublin yesterday, which Mr Brooke was co-chairing for the first time.

Irish ministers demanded immediate action to ensure that those responsible for the leaks were rooted out of the security forces and more detailed vetting procedures introduced.

Mr Gerry Collins, the Republic's Foreign Affairs Minister, said before yesterday's conference session that his government was dismayed over the new leaks.

Mr Seamus Mallon, deputy leader of the nationalist Social Democratic Labour Party, said the leaks were "extremely worrying." Mr Ken Maginnis, the Ulster Unionists' security spokesman, said it was an isolated incident that had to be seen in context. It was inevitable that some people would betray the trust placed in them.

# Quick planning decisions to be introduced

By John Hunt, Environment Correspondent

A SYSTEM of speeding planning applications, with decisions on the same day as the hearings, is to be introduced by the Government on an experimental basis.

The "sessional hearings" will deal with small planning appeals. Inspectors will visit disputed sites then, after a short hearing, normally give an immediate decision with a brief outline of reasons.

Mr Michael Howard, the planning minister, said cases would be chosen carefully and the parties would have to agree to the procedure, which would mean forgoing some of the benefits of the present system, such as the right to claim costs.

The experiment will run for three months in two local authority areas in the West Country, which have yet to be named. If successful, the scheme will be part of future planning legislation.

# Offer to restructure FS Assurance 'withdrawn'

By Eric Short

TEMPLETON Global Investors, the European subsidiary of the Bahamas-based fund management group Templeton, Galbraith and Hansberger, yesterday withdrew its offer to restructure the operations of FS Assurance, the Glasgow-based mutual life company.

In a letter to FS Assurance, Mr Colin McLean, managing director of Templeton Global Investors, stated that since there had been no formal reply to proposals made on August 24, other than a brief acknowledgement, it was assumed that the offer had been rejected and it was being withdrawn.

However, FS Assurance said later it had formally rejected the offer.

FS Assurance is demutualising and being acquired by Britannia Building Society. Policyholders eligible to vote gave overwhelming support (96.3 per cent) to the acquisition, although details of the Templeton proposals were not public at the time.

# Offer to restructure FS Assurance 'withdrawn'

FS Assurance was too small to continue as a viable operation and the board decided that the best solution for policyholders was the link with Britannia.

Templeton proposed to close down the main fund to new business and run it off. Templeton would handle the administration, advised by an independent actuary, and buy FS's investment business, including the highly successful unit trust operation.

Mr McLean, a former deputy general manager of FS, claimed policyholders would receive immediate cash payments totalling £4m, against £1.75m from Britannia, and retain control of the company.

However, FS says that, in addition to reports on Templeton's proposals from Bacon & Woodrow, its consulting actuaries, and Mr Andrew Scobbie, the appointed actuary, FS retained merchant bankers Noble Grove to make a fresh assessment of the situation.

# Gould places faith in regions

By Richard Evans

A LABOUR government would create a network of regional investment banks through which could be channelled both national and European Community funds for economic regeneration, Mr Bryan Gould, shadow Trade and Industry secretary, said yesterday.

He told a conference on British local government after the creation of the single European market that the regions needed more control over their own destiny in order to rid the country of a "shameful imbalance."

He told his audience: "Without such a change there is a danger that Britain as a whole could become a depressed region on the periphery of a greater European economy."

The answer was a renewed and increased emphasis on policies to enable the regions to regenerate themselves. Increased resources for regional policy, while valuable, would not be enough to give the regions a real chance of prosperity.

He called for powerful new structural policies that would automatically move resources to areas of low economic activity.

Mr Gould set out a range of new policies. They included regional investment banks and regional assemblies, designed to give greater economic and political freedom.

He said a social charter was essential to stop the regions being prejudiced by the freedom of multinationals to "bid down" employment conditions.

He said at the Oldham, Greater Manchester, conference: "The Government has been cavalier in its treatment of regional policy."

"Its attack on the resources and competences of local government and the emphasis on privatisation have also had adverse regional implications."

Mr Nicholas Ridley, the Trade and Industry Secretary, denounced the proposals.

"It is a recipe for continual rows and disagreements, with regional governments committing themselves to higher and higher spending, then demanding the money to finance it from central government," he said.

He told a party meeting in his Cirencester and Tewkesbury constituency.

# Q. Morris, BP finance director, 1974-85

MR Q. MORRIS, a director of finance at British Petroleum between 1974 and 1985, and subsequently a non-executive director of a number of companies, has died aged 59.

Q. Morris - he was universally known by his initials - was an unconventional man to find near the top of an establishment company such as BP. His career began as an Island Revenue tax inspector in 1952, and joined BP in 1964 where he rose rapidly through the ranks.

His years as finance chief covered some notable developments, including the second oil price shock of 1979, the rapid rise in BP's North Sea production in the 1980s, and the pioneering "privatisation" offer for sales of BP shares by the Labour Government.

Although he worked at BP's headquarters in the heart of the City of London, the outspoken and sometimes provocative Q. Morris was no friend of the financial status quo.

He earned the respect of bankers, although scarcely their affection, by ruthlessly exploiting BP's purchasing power for financial services. He built up what amounted to an in-house bank, and forced outside banks to cut their margins to the bone if they wanted to do business.

From 1985 he used his involvement with Globe Investment Trust to advise on several innovative financings such as those of the Channel Tunnel Group and British Satellite Broadcasting. Mr Morris was a non-executive director of Granada, Johnson Matthey, Unipart, Waterford Glass, Haden and Globe. In this role, he is said by colleagues to have combined with quietness and scepticism with quiet management and innovation. Outside commerce he was a governor of the London School of Economics, a special trustee of Middlesex Hospital, and a trustee of the Whitechapel Art Gallery in East London.

# Creditors criticise Homes Assured board

By Richard Waters

THE DIRECTORS of Homes Assured, the defunct company whose board included Sir Edward du Cann, chairman of Lorrho and a former Conservative minister, came under intense pressure from creditors yesterday over what one called the "obscene" level of debts they ran up.

At a heated creditors' meeting in London, the directors were criticised over the way the company incurred a deficiency of over £9m - half as much again as was originally feared - in less than two years.

The directors face personal liability and disqualification from acting as directors if they are found to have been involved in wrongful trading (trading when they knew, or ought to have known, their company was insolvent).

The meeting heard of severe financial difficulties experienced by the company, including:

- "Countless" summonses and writs from creditors, followed by visits from bailiffs, seeking recovery of money.
- Those moves were first experienced last autumn - even though the directors said that they then believed they were solvent and operating at a profit.
- They said that they did not know that commission received from insurance companies would later be clawed back. They incurred a loss of \$5.5m over 20 months.
- The chief accountant of the group's largest subsidiary, Homes Assured (Midlands), which accounted for two thirds of its business, had been convicted of embezzling money and given a two year suspended prison sentence.
- The directors said that they have only recently succeeded in piecing together the subsidiary's accounting records.
- The Department of Trade and Industry has been investigating suspected "misconduct" at the group.
- However, Mr Barry Lewis, the shareholder-appointed liquidator who stepped down yesterday, said that this had no bearing on the group's position.



Eric Orbell: facing Homes Assured creditors yesterday

The directors at the meeting - Mr Keith Woodward and Mr Michael Robinson, both executives, and Mr Eric Orbell, the non-executive chairman, said that they had taken proper professional advice as soon as it became clear that Homes Assured was in difficulty.

# Labour demands inquiry into BP redundancies

By Steven Butler

THE LABOUR Party yesterday demanded a government investigation into British Petroleum's decision to eliminate nearly 1,000 jobs in Scotland, claiming that the redundancies contravened assurances BP gave last February, when it took over Britoil, the former state-owned oil company, in a £2.4bn hostile bid.

A delegation of MPs led by Mr Donald Dewar, the shadow Scottish Secretary, and Mr Tony Blair, the shadow Energy Secretary, met Mr John Wakeham, the Energy Secretary, and accused the Government of accepting BP's explanations. The Government could stop the restructuring by exercising its "golden" share in Britoil, through which it can veto board decisions. Mr Wakeham said the Government had monitored BP's compliance with the assurances and had no evidence to suggest that BP had broken them. He added that BP's sale of £1.3bn of oil assets to Oryx Energy, the US independent oil company, would be examined separately by the Government, which would have to approve the sale.

The assets include about 12 per cent of those picked up in the Britoil takeover. BP gave assurances then that it would not sell substantial parts of the assets "except in the normal course of trading."

# Amoco to withdraw from petrol refining and sales

By Steven Butler

AMOCO, the US oil company, yesterday signalled its intention to withdraw from refining and marketing petrol in the UK, and has retained Morgan Stanley to advise it.

The company, which supplies about 2 per cent of the UK retail market and has about 250 service stations, said it had been approached by several parties interested in acquiring the business.

Amoco's long-term strategy has been to withdraw from refining and marketing activities outside the US, and in recent years it has sold downstream businesses in Italy, Australia and India.

The rest that BP will pay has not been disclosed.

per cent interest in the Milford Haven refinery in West Wales, which has a capacity of 108,000 barrels a day.

It also has interests in five product terminals and a pipeline.

Industry specialists, without looking carefully at the assets, estimate the Amoco UK downstream business as worth possibly between £1bn and £1.5bn.

Amoco does not intend to sell its other UK affiliated companies, such as its exploration and production company, its chemicals interests and its synthetic fabric operations in Dundee and Consett, County Durham.

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UK NEWS - EMPLOYMENT

# Overtime ban by ambulance crews faces crucial test

By Fiona Thompson, Labour Staff

DEPARTMENT of Health officials were closely monitoring the effects of the ambulance workers' overtime ban yesterday in preparation for today and tomorrow when the ban is expected to have its most serious effect.

The 15,000 ambulance crew began their industrial action at midnight on Wednesday over a rejected 6.5 per cent pay offer and support has been solid throughout the country, according to union officials.

Overtime working is heaviest on Fridays, Saturdays and Sundays, so the weekend is regarded as crunch time for the dispute.

The Department of Health said yesterday that all the regional health authorities have been asked to provide daily information for Mr Duncan Nichol, chief executive of the National Health Service, on the extent to which emergency and non-emergency services are being affected, and the numbers of staff abiding by the ban on overtime and rest day working.

"As far as we are aware from the information received, the ambulance service does not appear to have been disrupted by any significant extent at the moment," the Department of Health said yesterday.

But hundreds of routine trips for out-patient appointments have been cancelled around the country as staff have been called off non-emergency work to enable the rota for front line work to be filled.

The call rate was 10 per cent down at the London Ambulance Service yesterday, with 4,800 calls rather than the average 5,000, and the number of staff journeys was down from 200 to 100. The number of emergency vehicles was cut by 30 to 123. "There could be problems over the weekend," London Ambulance Service said.

A meeting of 100 of London's and ambulance officers and control assistants on Thursday night voted unanimously not to do work normally undertaken by the crews.

# Skills agency sale launched

By Charles Leadbeater, Labour Editor

THE Government yesterday formally launched the sale of the Skills Training Agency, which employs 3,000 staff in a national network of 60 training centres concentrating on manufacturing crafts.

The decision to privatise the agency, which has broken even in only one of the past five years, was announced in March.

Advertisements in the financial press yesterday invited potential bidders for all or part of the agency to apply for an information memorandum on the sale. The memorandum will only be sent to serious potential bidders who sign a confidentiality undertaking.

Deloitte Corporate Finance, which is advising Mr Norman Fowler, the Employment Secretary, on the sale, has received 80 expressions of interest since March. Among them is a bid from the agency's senior management which wants to mount a management buy-out.

Mr Fowler said in March that the Department of

# Taxi driver wins £17,000 award

By Jimmy Burns, Labour Staff

A WELSH taxi driver belonging to the TGWU transport union, has been awarded more than £17,000 in damages after an industrial tribunal ruled that he had been unfairly dismissed because of his trade union activities.

The taxi driver, Mr Terry Whyte, was sacked last January by Lacoband, a private company based in Llanelli. Mr Whyte had challenged the company's claim that the reason for the dismissal was poor time-keeping and absenteeism.

He linked his dismissal to the fact that he had spent several months recruiting a majority of the company's workforce into the TGWU and negotiating on their behalf.

The tribunal concluded that the applicant's trade union activities "enroling members, collecting subscriptions and negotiating with management" was the true reason for his dismissal.

It added that the dismissal for lateness and missing a shift was a "manoeuvre to mask the true reason." The dismissal was ruled unfair under the Employment Protection Consolidation Act 1978.

Mr Whyte was awarded a statutory minimum of £2,400 for loss of earnings in the six-month period leading up to the hearing. He was awarded a further £15,118 in compensation.

The company is appealing against the decision.

Although tribunal decisions do not necessarily set legal precedent, the ruling has been examined closely by the TGWU which is backing legal action taken in a separate case by 14 dockers employed by the Port of Tilbury.

An industrial tribunal will next month hear the dockers' claim that they were sacked because they had organised trade union activities.

The TGWU sees this dockers' legal action as a key aspect of its attempt to prevent any drift towards union de-recognition in British ports.

# PO counter staff dispute put to Acas tribunal

By Fiona Thompson

THE POST OFFICE counter staff pay dispute is to be put before a mediation tribunal at the conciliation service Acas.

The request for mediation was made by the Union of Communication Workers, the union representing the 15,000 counter and clerical staff.

The Post Office said yesterday it had agreed to co-operate. The union's agreement with the Post Office makes provision for mediation arrangements to be set up at the request of only one side.

Acas said yesterday the three person tribunal would probably meet in the middle of October. It would consider the Post Office's pay offer, regarding proposals and the introduction of a counter allowances.

Its recommendations would not be binding on either side, but the union hoped they would form the basis for a settlement.

The Post Office has offered 8.5 per cent. The UCW says the increase on basic pay is 7 per cent, the additional 1.5 per cent coming from regrading.

# Part-time contract cleaners secure pay rise equal to 16%

By Jimmy Burns

A GROUP of part-time female contract cleaners employed in the south-east of England has won pay increases equivalent to about 16 per cent after voting to take strike action as members of the TGWU transport union.

Although the number of cleaners involved is small, TGWU officials regard the pay award as a significant step in the union's campaign to organise temporary and part-time workers, particularly in the service sector.

The 50 cleaners are employed by Clean Factory and Office Services, at industrial premises in Dagenham, Essex, belonging to the French company Rhone Poulenc.

CFOS, which employs a total of 2,000 cleaners at various sites in and around Essex, originally offered all its employees at the Dagenham plant an increase of 3 per cent.

TGWU shop stewards subsequently organised a ballot in which a majority of the cleaners, including full-time employees, voted in favour of strike action unless the CFOS substantially increased its offer.

The strike threat followed protracted negotiations and a "final offer" of 4 per cent.

CFOS confirmed last night that it had further revised its pay offer and agreed with the TGWU to an increase on basic rates of 8 per cent for all the cleaners employed at the Dagenham plant.

About 50 out of the 130-strong workforce had been given additional productivity-linked supplements which brings the increase to 16 per cent and confirms their pay parity with full-time cleaners.

The company said that it considered its original 3 per cent offer as merely an opening negotiating position and said that the 8 per cent was awarded because it was "in line with inflation." The additional pay had been given to afternoon part-time workers covering for morning female staff and evening male staff who went absent.

Mr Bill Hodge, the TGWU's trade group regional secretary said yesterday that the pay award brought average earnings of the cleaners up to only £2.90 in addition to holiday and sick pay. Nevertheless he described it a "fine example" of full-time workers linking up with part-timers to achieve an increase in pay.

# Vauxhall workers reject revised offer

By Our Labour Editor

UNION leaders of Vauxhall Motors' 6,000 manual workers yesterday warned that the company's plans to increase basic pay by reducing productivity bonuses would be "totally unacceptable."

While stopping short of suggesting that the negotiations might lead to a ballot on industrial action, union leaders said the company's revised offer presented on Thursday had been completely rejected. The company had said the talks were constructive.

The company proposed increasing its first year offer of 7.5 per cent or an extra £18 a week to about 9 per cent or £16 a week. The additional increase of £3 a week in basic pay would be financed by a reduction in productivity linked bonus payments.

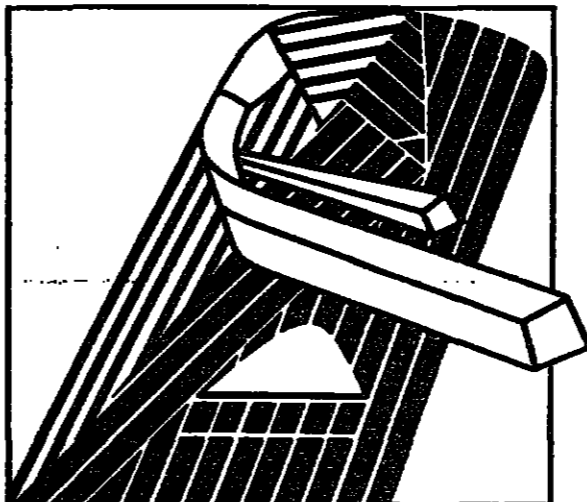
Mr Steve Broadhead, the Transport and General Workers' Union official who represents workers at the company's Ellesmere Port plant on the Wirral said: "They want to increase the offer by giving people their own money. As productivity rises the value of

this offer will go down."

The unions also pressed the company to clarify its plans for working practices, which union officials said included the introduction of team working, greater flexibility and a clause that "everyone should continue to examine their jobs to see how they could be done more efficiently."

The unions said they were also dissatisfied with the response to their demand that the second stage of a two-year deal should include a form of inflation proofing.

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Saturday September 16 1989

# The economic vessel slows

ONCE UPON a time, in the Keynesian past, economies inflated or deflated, like balloons, while the policy-maker was in charge of reflation or disinflation. Nowadays, the economic policy-maker is thought of as the pilot of an aircraft. It is his job to achieve a "soft landing," with "hard landings" to be avoided at all costs.

Neither metaphor is particularly apt. The economy is much more like an ocean liner on a never-ending cruise into the unknown. The ship takes years to gain momentum and years to slow; its crew becomes mutinous as soon as the ship approaches danger; and the passengers are constantly on the look out for new officers.

The pilot does not know where he is, has only a vague notion where he has been or even how fast the ship is going. There are no charts. Some members of the crew say there is a reef dead ahead, while others insist she is still in open sea. Most of the time, the pilot can do little more than put a bold face on events and hope that what he did a year ago will have allowed him to escape the dangers looming six months ahead.

With the release of each new statistic, the Chancellor of the Exchequer finds out a little bit more about where the economy has been. For example, the Blue Book on International Accounts shows that gross domestic product grew by 4% per cent between 1987 and 1988, as fast as in the previous year. General government final consumption rose by only 1% per cent, but private consumption grew by 7 per cent and gross domestic fixed capital formation by the remarkable figure of 13 per cent.

That demanded growth of this order created a deterioration in the current account is not surprising. Performance was even worse than might have been hoped, however, with exports rising only 1/2 per cent in real terms and imports by 12 per cent. Only Australia, among the world's leading trading economies, had worse export performance than the UK between 1987 and 1988.

### Current deficit

The figures for the balance of payments in the first half of the year indicate that the deterioration has now ceased. Nonetheless, the current deficit in the first two quarters is running at an annual rate of over £19bn (5 1/2% above the Chancellor's forecast at the time of the budget).

The stabilisation of the current account deficit, if at a very high level, is consistent with the slow down in retail sales. There has now been vir-

tually no movement in this indicator over the last three months. The trouble is that the labour market is adjusting very slowly to these changes in market conditions. Unemployment fell by 36,000 in the month to August 10 on a seasonally adjusted basis, while the unemployment rate is now down to 6.1 per cent. Correspondingly, the labour market continues to tighten, long after the economy has slowed, with underlying earnings rising at an annual rate of 9% per cent. The chances of still higher wage inflation to come are not small.

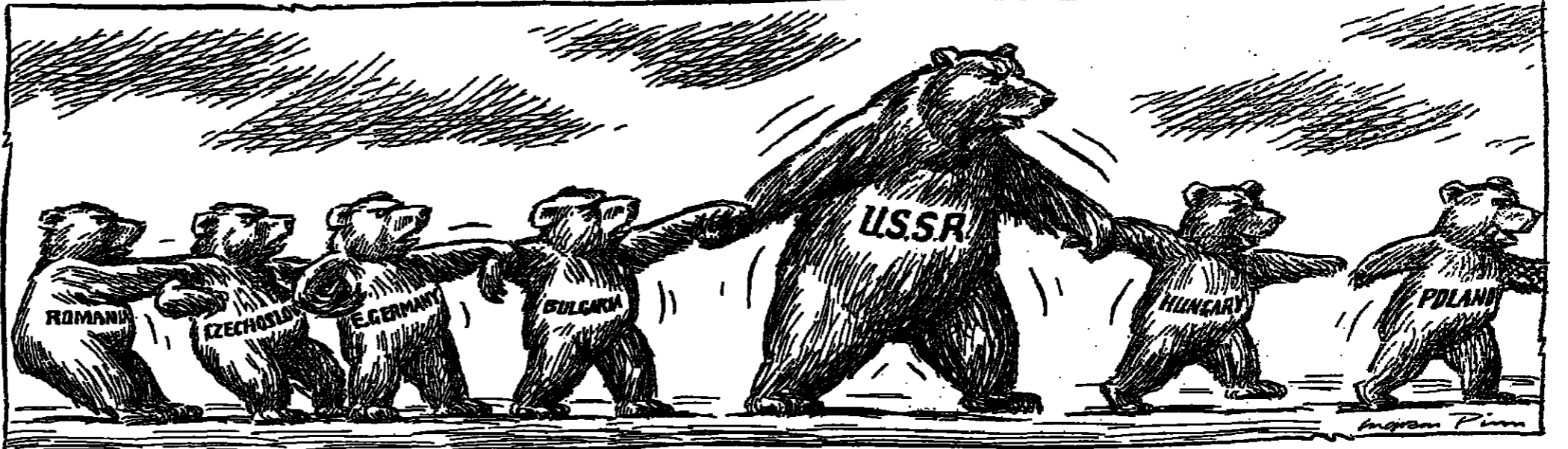
### Retail price index

With such pressures in the labour market, the information on inflation, though encouraging, may yet prove misleading. The retail price index has shown the expected fall in inflation, as the effect of the mortgage rate increase of a year ago disappears. But even the increase on all items, excluding mortgage interest, at 5.7 per cent, is slightly below the increase in the year to July, while inflation in factory gate prices indicates stabilisation of inflationary pressures.

Unfortunately, the slowdown in demand, combined with the rise in earnings at current levels, suggests there is a profit squeeze in the offing. The effects of that squeeze are likely to be exacerbated by the deterioration in the financial position of companies, both in terms of cash flow and liquidity. In trying to "squeeze out" inflation, the Chancellor could well find he has left the economy dead in the water. If so, it may soon be too late to reverse the slowdown before the next election.

The Government will come under back-bench pressure to avoid the pain, or at least postpone it. Given this concern, Mr Lawson might be tempted to risk both lower interest rates and a lower exchange rate (which should at least stimulate exports). Advice to that effect will certainly build to a crescendo over the coming months, especially as companies come to realise the consequences of current trends, not least in their own wage bargaining.

It would be nice to believe that such precise steering is possible, but this is unlikely. Premature reductions in interest rates risk not only a foreign exchange crisis, but a subsequent upsurge in inflation. At some point, the consequences of allowing the economy to move ahead far too fast in 1987 and 1988 must be dealt with. They are not likely to get easier by being postponed, however much the crew and the passengers may grumble.



John Lloyd in London and Judy Dempsey in Budapest on the impact of reforms in Eastern Europe

**T**he importance of the East German refugees' departure to West Germany lies not so much in their numbers nor in their reasons for going, but in the location of their escape route. They came from Hungary, a communist state, a member of Comecon and the Warsaw Pact, a country with a 20-year-old treaty with East Germany to return those citizens seeking to emigrate illegally.

This is not the first demonstration of the increasing porosity of the eastern bloc. But it has been the most striking in human terms. What will be its effects - on Hungary, on East Germany, on the Soviet Union, on the bloc?

Hungary's decision last Sunday to open its borders had been a difficult one as well as a momentous one. If the Hungarians had returned the East Germans, the authorities in Budapest would have earned the wrath of the international community.

By releasing them to the West, they confirmed the deep divisions within the Warsaw Pact, and within the Hungarian Socialist Workers Party itself, parts of which had bitterly opposed the breach of the 1969 agreement with East Germany to return escapees.

But it was the longer term considerations of the new orientation in Hungarian foreign policy which prevailed with Gyula Horn, the Foreign Minister. These considerations have been greatly supported by the new politics of Mikhail Gorbachev, but predate them. They first emerged after the signing of the 1969 agreement with East Germany to return escapees.

Travel became easier, officials more open; Hungarian ministers began, in the mid-1980s, to complain publicly about the treatment of the Hungarian minority in "fraternal" neighbouring Romania; contact at party level was established with what was then seen as reformist China; overtures were made to Israel; a representative office opened in South Korea. At the January meeting in Vienna of the Conference on Security and Co-operation, Hungary with Poland stood out to push for much greater freedom to travel and emigrate, in face of hostility from East Germany and Romania.

Hungary, says one official, "has acted neither in the interests of the East nor of the West." The limits of real independence, for a country of 10m people still enmeshed in the Warsaw Pact and Comecon and ruled by a Communist Party, are still being sought. The Party's commitment to

democracy and human rights will face further tests after that posed by the refugees.

Says another foreign office official: "In recent years, we have had practices more liberal than the laws themselves. We have inherited a heavy legacy of rules which we do not stick to. There is a contradiction between that heavy Stalinist legacy and the new imperatives of today."

Like the Poles, the Hungarians permit no adventurism in their foreign policy. But they do talk of phased steps to downgrade the importance of the military alliances, the withdrawal of Soviet troops and the "democratisation" of the Warsaw Pact. Attila Agh, an adviser to the reformist leader Imre Pozsgay, has canvassed a carefully measured progression from a limited participation in the Warsaw Pact through stages to Austrian-style neutrality - and perhaps (if that comes about) Austrian-style membership of the European Community.

These are nowhere near realities, but they are directions now being taken. It is an index of the relationship between the reformist and the anti-reformist states in the bloc that what is seen by Hungary as a gain is seen in East Berlin as a loss. That which supports change in the first intensifies immobility in the second. The East

### Here is a fraternal Communist Party, still in charge of the state, taking the western side of the humanitarian issue

German leadership has reacted to Hungary's action with fury, charging it with collaboration with a West German conspiracy to destabilise it and with receiving "head money" for all the refugees released.

It is easy to see why Hungary suffers so much grief. First, the 1969 agreement has been broken, and Hungary's appeal to the prior claims of the Helsinki Agreement are not likely to cut many sausages in East Berlin.

Second, the route through Hungary - still relatively open - provides an

easy route for workers which the East German economy cannot afford to lose.

Third, that the route to Hungary means that East German propaganda can no longer rely on at least the passive acquiescence of the rest of the socialist world in its characterisation of the matter as imperialist machinations. For here is a fraternal Communist Party, still in sole charge of the state, taking the western side of the humanitarian issue.

That this should happen now haunts eastern Europe's reformers. It is a common view that the perception of being under attack from all sides will rally East Germany's conservative forces, already tracing themselves for the succession to the ailing Erich Honecker, the Communist Party leader in East Germany. The barely visible reformist elements within the party would need, on the best estimates, two years to strengthen their base.

Yet the East German leadership will not be able to stifle speculation on the future of the two Germanies. Once again, the television images of the peoples of these two states embracing on the territory of one has given a seductive vision of union. Yet that union presently has no political mechanism available to further it, and is only feasible within an all-European framework which itself presupposes a continuing relaxation of tension between the two Europes.

This is no longer fantasy. But for the east European reformers, the promotion of unification to the present speculative levels is a bridge too far. They believe that Mr Gorbachev's proposed visit to East Berlin next month to participate in the 40th anniversary celebrations of the founding of the East German state will have to include a ritual expression of support for the regime and at least an implicit dismissal of speculation about union - speculation which he encouraged when hinting that the Wall may have outrun its use.

But in saying this, the most potentially unstable element of all is raised. In what shape will Mr Gorbachev be when he arrives in East Berlin? Will he possess the formidable authority a Soviet leader can command even when he has himself decreed an end

to direct Soviet authority? Or will he have behind him an economy in such ruins (in contrast to East Germany) and nationalities in such ferment (in contrast again to the racially homogeneous East Germany) that he calls forth more pity than respect?

The two-day session of the Soviet Central Committee next week will determine much of this question. Though it is largely about Soviet nationalities, the Soviet Central Committee plenum's conclusions on what constitutes a suitable modern relationship between the centre and the periphery will intimately affect the progress of reform in the eastern European states.

The tension and pressure in Moscow, admitted as unprecedented yesterday by Soviet officials, can only be broken if Mr Gorbachev manages to stage one of his famous coups - through an agreement with the radicals in the republics which stays this side of independence but allows them enough space in which to manoeuvre against their own independence-or-nothing lobbies, now strengthening daily.

The indications from the television speech given by Mr Gorbachev last weekend on his return from holiday are that he is staying with the radical side of the argument, albeit while call-

### I cannot stress how important Gorbachev is to us, how important we see the changes in the Soviet Union

ing for more order and discipline. In the past few days, he appears to have struck a compromise with the leaders of the Baltic states on the amount of autonomy he is willing to grant them. A further week should see if he can continue to ride this extraordinary tiger.

"I cannot stress enough how important Gorbachev is to us," says the Hungarian foreign office man, "how important we see the changes in the Soviet Union." If he falls, "the boldness of some will be diminished. The

criticism of some will be advanced. The fears of the population will be strengthened. The suspicions of our foreign policy will be heightened by some of our allies."

Evgeny Ambartsumov, a senior official in the Soviet Union's Institute of the Economy of the World Socialist System, said in a recent interview that the Brezhnev doctrine - the right of the Soviet Union to invade a socialist country to preserve socialism, as in Czechoslovakia in 1968 - "has already been buried. All that is lacking is the official death certificate."

Such a "certificate," he says, cannot be issued while the anti-reform regime rules in Prague, since to kill the doctrine openly would be to remove the only authority which the Czech leadership has. This it derived from the suppression of the "capitalist road" taken by the Dubcek regime to 1968. "The facts clearly show that Gorbachev is against the logic, the method and the system which led to the tragic events of 1968. It is however equally clear... that as leader of the Soviet Union he cannot put in the danger that degree of understanding and solidarity that is indispensable between so-called fraternal countries."

One last element: the role of the West. In the past months Hungary and Poland have swayed more towards the West than has been thought possible for 40 years. In doing so, they hold out the promise of a deepening of their movement towards democracy - but only on condition that this movement can be supported by aid from the West. The reformers, both the Communists and the non-Communists - chief among them Solidarity - are agreed on this. The West must raise its sights further, grasp the enormity of the change and understand that it must be supported.

The debate between "wait and see" and "let's support" goes on, but with more converts to the active side becoming evident. In a speech at Chatham House earlier this week, David Howell, the former Tory cabinet minister who now chairs the Commons select committee on foreign affairs, came down firmly on the side of support. He was in favour of "a quite different response - to help, help massively and help urgently in every practical way... I have no doubt that this is a time for preparation and action on the scale adopted by General Marshall and the other great Americans of the post war era." These are the highest of stakes, and they bring with them the highest of risks. But there appears no doubt: the process of creating a "common European home" is under way. Though neither Mr Gorbachev, corner of the periphery, nor anyone else, can be said to be wholly in command of it.

## MAN IN THE NEWS

Sir Derek Alun-Jones

# Articulate chairman who is keeping his counsel

By Terry Dodsworth



This willingness to force the pace in technology led Ferranti to the point of collapse in the early 1970s. A private company at that time, run on bank finance by the Ferranti family, it was forced into the embrace of the Government-run National Enterprise Board in 1973. Two years later, Sir Derek was hired from Burnham Oil to bring some balance between the company's high-tech escapades and commercial reality.

The Government was keen to keep Ferranti afloat for strategic reasons, above all for its reputation as an innovative defence electronics contractor specialising in radar, computer software, displays and navigational systems. But the NEB wanted a change at the top, and it needed a natural diplomat to step in and take over as chief executive from Sebastian Ferranti. Sebastian had agreed to give up the day-to-day man-

agement role, but he wanted to remain as chairman.

Sir Derek has never revealed exactly how he approached the task of keeping the Ferranti family happy while waiting the company out of the doldrums. His associates say that he took a grip on the company with a mixture of urbanity, decentralised management (he runs the London organisation with a skeleton staff), and a strong intellectual grasp of the demands of the job. "He's a typical barrister," says one of them. "He's got a photographic memory, he's decisive, and he has tremendous power of recall."

He has clearly not been a confrontational manager either; few executives are sacked at Ferranti. And outsiders argue that he put the company back on its feet again partly by his ability to win military contracts - a streak of success that has recently

begun to desert him. "He has certainly had a lot of fans in Whitehall," says one competitor.

The company's strategy during the Alun-Jones years has been to move deeper and deeper into the defence sector, now accounting for about 75 per cent of sales against 55 per cent when he joined. Although he gave his semiconductor people their head in the late 1970s, he once noted, with an oblique criticism of the Ferranti family style, that he was determined to monitor new high-tech projects much more closely. "The family approach was to go down an interesting technical line and when the heat got too great to get out," he said.

Moves to trim the non-defence activities have accelerated in the last two years, during which Sir Derek has sold the chip business and closed down most of the group's commercial computer activity. Ironically, however, it is Fer-

ranti's military operations that have now plunged it into disarray. The "irregularities" that have come to the surface involve contracts in the group's ISC Technologies division, which Ferranti acquired as part of its 1987 merger with International Signal and Control.

The ISC deal has been controversial from the start, largely because of the exceptional secrecy in which ISC has surrounded itself. "I would always suspect a business which uses the argument that its activities are so secret that it cannot give any information," says a competitor. Nevertheless, many City analysts were persuaded that the transaction made sense. It looked like a deft move to protect Ferranti from the incessant threat of takeover; it could have been a partial answer to the company's chronic balance sheet weakness; and it brought together a company which, as one analyst says, "could make weapons but not market them (Ferranti), with a group that could market them but not make them (ISC)."

In an interview with the Financial Times a year ago, Sir Derek explained he was concentrating on the defence industry because "it has been a more consistent business than almost anything else over the last 2,000 years."

Asked not long ago whether this strategy had worked out in the ISC deal, Sir Derek said that "some areas are a success, some not." Slightly more than 50 per cent of the group's problems (it had just announced a fall in profits) had arisen in the old Ferranti activities, he added. He gave no hint of unease about the future, saying only, in the slightly sardonic, off-hand way that journalists have come to recognise as his trademark, that the company had had "more than its fair share" of problem contracts.

That was just seven weeks before Ferranti dropped its bombshell about the problem ISC contracts.



Oh well, YOU CAN BE SURE OF SHELL









UK COMPANY NEWS

# Dawn raid on Armstrong fails

By John Riddling

SHARES IN Armstrong Equipment, the industrial fastener and engineering company, were yesterday subjected to a dawn raid just one day after the company became the target of a hostile bid from Caparo Group, Mr Swraj Paul's private holding company.

Cliticorp's client is believed to be JH Fenner, the power transmission engineer, which disclosed yesterday that following recent purchases it now holds about 3.75 per cent of Armstrong's shares. Fenner declined to comment.

Yesterday's raid seems surprising because Caparo Group had just last month put up for sale its own 29.3 per cent stake in Armstrong at 185p per share. But potential bidders may have been waiting to see Armstrong's figures which were released earlier this week.

Analysts said that while it was not certain that Fenner was behind the raid it could be interesting in acquiring Armstrong. They are both involved in similar manufacturing technologies and processes and there is some product overlap in areas such as industrial pulleys.

# Birse comes to market valued at £76.5m

By Clare Pearson

BIIRSE GROUP, the construction and plant hire concern, is coming to the main market via a £19m offer for sale which values the company at £76.5m.

After expenses, the offer of 15.9m shares, at 120p, will raise about £17.7m in new money for the company. At the same time, Mr Peter Birse, chairman, and Mr David Goose, deputy chairman, are selling 15 per cent of the enlarged equity to Billinger & Berger, the third largest construction company in West Germany, with which it signed a co-operation agreement last month.

At the offer price, the historic p/e is 8.6, and the notional net dividend for the year to April 30 is 4.25p, giving a notional gross yield of 4.72 per cent. Birse is hoping the link-up with Billinger will help it to participate in the UK Government's expanded road programme.

The two companies are also setting up a West German-based operation designed to provide a "turn-key" service for the soon-to-be privatised water industry. About 85 per cent of Birse's turnover comes from civil engineering and building, and the company also has a big plant hire division specialising in crawler cranes, vibratory pile hammers and offshore equipment.

In addition, it has residential property, telecommunications contracting, and commercial property operations, started over the last two years, and currently loss-making. The pre-tax profit margin on turnover of £186.5m in the year to April 30 was 5 per cent. Net interest payable stood at £27,000. The offer is sponsored by Schroders.

# Leisure Investments blames Landleisure for downturn

By Andrew Bolger

LEISURE Investments, the troubled casino and leisure group, yesterday confirmed that its £170m acquisition of Landleisure last November is costing it dear.

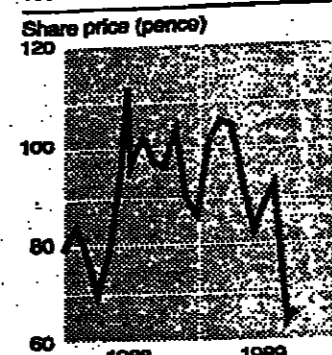
The company, which warned the City last month that its profits would be below expectations, said pre-tax profits for the half-year to June 30 were £2.1m on turnover of £65m. Earnings per share were sharply reduced to 1.01p and the interim dividend was cut to 0.25p.

Profit forecasts for the full year, which were as high as £30m, have been downgraded by analysts to as low as £15m, most of which will come from asset disposals. The shares closed at 65p, down 1p. Mr Stephen Forsyth, chairman, said: "I am disappointed with this performance following the acquisition of Landleisure which has arisen from poor trading results both from the casinos the restaurant divisions, coupled with high interest costs."

Leisure Investments saw its interest payments jump to £6.8m from £4.8m in the corresponding period. The group's gearing, which was lifted above 150 per cent by the Landleisure acquisition, is still about 100 per cent.

Mr Forsyth said: "The board is entirely dissatisfied with such poor results and has taken major steps to improve profitability." He added: "Given Leisure Investments' present period of change and requirement in the short term to reduce indebtedness, the demands and uncertainties of the London casino market make it inappropriate for the company to be involved in the market at this time."

## Leisure Investments



The company has already sold the freehold of Aspinall's, one of its three London casinos, for £40m to an unnamed foreign purchaser. The casino from the right to operate from the London Street premises for up to two years for a peppercorn rent.

Mr Peter Vandyk, who has taken over from Mr Forsyth as chief executive, is holding talks over the sale of the company's two other London casinos - the Park Tower and the Barracuda Club. Interest has also been expressed in the company's casinos in Istanbul, Cairo and Gibraltar.

# Abdullah brothers may take 75% SI stake

By John Riddling

MR RASCHID Abdullah, and his brother Osman, formerly the respective chairman and chief executive of Evered, the industrial and building products group, are planning a return to the UK corporate scene by taking a majority stake in the troubled SI Group, manufacturer of equipment for the brewing industry.

The two brothers, together with their other brother Ahmed, propose to subscribe for a 75 per cent stake in SI in return for a capital injection of £2.74m. The scheme represents a competing proposal to a planned takeover of SI Group by Kembra Group, a private machinery trader and manufacturer of engineering components.

The Abdullah brothers built up Evered over eight years but resigned at the beginning of the year following boardroom differences. Mr Raschid Abdullah said that his plans for SI would be revealed in a document to shareholders in the coming week.

Yesterday's extraordinary general meeting of SI shareholders to vote on the acquisition of Kembra has been adjourned until September 22. By that time shareholders will have received details of the new offer, and should the Kembra acquisition not be approved, then shareholders will vote on the proposal from the Abdullah brothers in the middle of October.

# Restructuring costs help drive Orchid sharply into losses

By Nigel Clark

Orchid Technology, the USM-quoted Californian maker of microcomputer accessories, incurred a pre-tax loss of \$3.86m (£2.48m) in the year to the end of June, against profits last time of \$1.82m.

The shares halved to 65p in July when the company warned of a significant downturn. Yesterday the price closed unchanged on the day at 38p.

There were exceptional restructuring costs this time of \$2.54m. The company has taken a number of actions, including discontinuing some slow-moving and low margin products. It said it was moving to control expenses including a significant reduction in the workforce.

# Maxwell offshoots in £46m move

By Andrew Bolger

PERGAMON AG, which is 57 per cent owned by one of Mr Robert Maxwell's private vehicles, has conditionally agreed to sell its magazine, exhibition and company information service businesses for £46.4m to a subsidiary of Maxwell Communication Corporations, his quoted company.

Pergamon AGB's disposal programme is now likely to realise more than £100m by the end of the year. Last month it sold its Oyez stationary business for £21.2m to a team led by management.

Because the Maxwell Foundation has substantial interests in both Maxwell Communications and Pergamon AGB, the sale is conditional on the approval of Pergamon AGB shareholders other than Maxwell Foundation and its subsidiaries and certain directors of Pergamon AGB who are also directors of Maxwell Communications and its subsidiaries.



Norton Opax's shareholders yesterday voted down the company's proposed £679m offer for De La Rue, the bank-note printer, at a two-and-a-half minute extraordinary general meeting, writes John Thornhill.

The board of the print and packaging group company had predicted the outcome on Thursday after receiving a "significant majority" of proxy votes opposing the offer.

But Mr Richard Hanwell, Norton's chief executive, remained unrepentant about the wisdom of launching the bid. "We are totally convinced that what we were trying to do was right," he said after the meeting.

# Adapting existing principles to a novel and 'extremely difficult case'

Takeover Panel makes allowances for foreign regulatory processes - edited excerpts from its 24-page decision on Hoylake's BAT bid

HOYLAKES OFFER for BAT Industries on July 11 contained a standard condition relating to the obtaining of all necessary regulatory approvals. BAT indirectly owns Farmers Group, a US insurance company. The necessary approvals included approval by the insurance commissioners in nine states.

Since the announcement of the offer, BAT and Farmers have taken various actions in the US which Hoylake submitted have frustrated its offer. Hoylake invited the Takeover Panel to rule that the directors of BAT are in breach of General Principle 7 of the Code, which requires the approval of shareholders prior to the taking of frustrating action. The executive ruled that BAT's action did not constitute frustrating action within General Principle 7, and Hoylake appealed against that decision.

Hoylake also suggested that the position had now been reached in which it was effectively impossible to achieve the relevant US regulatory approvals within the Code timetable. It requested the Panel to rule that, if Hoylake were to lapse its offer immediately, it should be permitted to make a new offer for BAT once the US regulatory position was resolved in its favour. It submitted that the Panel should give consent to a relaxation of the moratorium.

The Panel ruled as follows: The actions to date of BAT, either directly or through Farmers, in lobbying politicians and others who considered might influence the outcome of the offer in the US, did not constitute frustrating action. Neither did the participation by Farmers in the processes in the nine states, nor its intervention in legal proceedings brought by Hoylake to restrain the insurance commissioners from conducting regulatory proceedings.

The Panel reviewed UK experience of lobbying in bids and Hoylake's claim that BAT's activities in the US were effective. We do not consider that lobbying generally of politicians and others is capable of contravening General Principle 7. It is not a very direct way of obstructing an offer, and since it is possible for the bidder to engage in counter-lobbying, the effect of the process is simply to enable one of the public interest decision-takers to have presented to them both sides of the argument. Irrespective of its effectiveness, the lobbying of politicians is a democratic right which it would be inappropriate for the Panel to inhibit. We do, however, consider that in general the nature of litigation and administrative proceedings are different. Administrative proceedings are initiated by the regulators, and the target company may have, as in the present case, an obligation to co-operate, whilst its legal duties to shareholders or policyholders may extend the ambit of that formal obligation. We would, therefore, be very slow to characterise conduct in regulatory proceedings which are controlled by the regulator as being frustrating action. We emphasise, however, that we cannot be too dogmatic on this issue, since in each case something must depend upon the nature of the foreign regulatory process and the action taken by the target company.

The decision of the Panel in regard to Minorco's offer for Consolidated Gold Fields clearly established that the taking of legal proceedings, whether in the jurisdiction of the UK Courts or elsewhere, might fall within General Principle 7. In that case, Gold Fields was acting as plaintiff. In the present case, however, Farmers is not plaintiff. In the litigation, BAT has confined itself to supporting the commissioners in their unsuccessful motions for summary dismissal and their successful resistance of the applications for a preliminary injunction. Both these actions are designed to uphold the jurisdiction of the regulators, so that they can fulfil their statutory function of deciding whether an acquisition should be permitted. Whilst this may deprive Hoylake of the benefits which a preliminary injunction might give, we consider it is essentially linked to the participation in the regulatory process. We consider that it is not frustrating action for the target company, having regard to its fiduciary duty to policyholders, to uphold the jurisdiction of the regulators to seek to protect those policyholders.

The Panel reviewed Hoylake's request under Rule 32.1(a) that it should be permitted to renew its offer as soon as the US regulatory position was completely resolved in its favour and explained why it was dealing with the issue now rather than later. The Panel set out BAT's and Hoylake's arguments on the substantive issue. Amongst BAT's arguments against granting the waiver were: if Hoylake's request succeeded, it could be very difficult to refuse similar requests in any number of other cases. It was suggested hypothetically that if a particular offer still required the consent of, say, a minor regulatory body in a small state where a small part of the offeree's assets happened to be located, it could come to the Panel, even after a long siege, and obtain a second opportunity. It was suggested that it would be inappropriate for the Panel to make an innovation in the course of a takeover.

We regard it as undesirable that, should Hoylake complete the US regulatory processes, it should be inhibited from putting an offer to shareholders during the remainder of the 12-month period. There is much to be said for requiring Hoylake to use its best efforts to conclude the regulatory processes as speedily as possible, and then to decide whether or not to bid again for BAT, so that the uncertainty may at least be resolved as speedily as possible. We think the bid might well hang over the head of BAT in any event. We consider, however, that Hoylake should proceed as fast as it is reasonably able, so that shareholders may know whether they are going to receive an offer for their company and its future should be resolved.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total for year
Arlay Holdings	1.41	Nov 15	1.1	-	3.3
Dirklee Heel	0.357	Dec 29	0.25	-	9.6
Leisure Investments	0.25	Jan 30	0.5	-	1.75
LIT Holdings	3.75	Nov 21	2.7	-	5.63
Johnson Ltd	0.85	-	-	-	3
Tharner Baxend	0.85	-	-	-	2.5

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. ‡Unquoted stock. †Third market.

# No formal reply by Blacks to Goldberg bid initiative

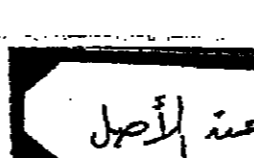
By Nikki Tait

A. GOLDBERG, the Glasgow-based retail group that is facing a £23m paper bid from Blacks Leisure, yesterday revealed that its advisers have written to Blacks saying that they would "use their best endeavours to persuade Goldberg to recommend the current offer if a full cash alternative were provided. No formal reply has been received.

Last night, Blacks said that it had not wished to make a decision ahead of day 29 - the last date on which Goldberg could release new information - which was yesterday. Chief executive Mr Simon Bentley stressed that this remained the position, although he described a full cash alternative as "highly unlikely". No further information was forthcoming from Goldberg yesterday; it had already said that a profit forecast would not be possible.

## Amber Day

Amber Day Holdings bid out again yesterday at Moss Bros, claiming in a stock exchange announcement that the fellow menswear group had failed to respond meaningfully to a second formal approach to merge the two companies. Moss Bros brushed off an earlier approach saying that it did not accept the stated commercial benefits of such a move.





Handwritten note: "10/11/1871"

MARKET STATISTICS

ECONOMIC DIARY

TOMORROW: Launch of Sun's Correspondent... MONDAY: Public sector borrowing requirement (August)... TUESDAY: Ruling promulgated from Tarnac UN General Assembly...

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, Vol, Last, Vol, Last, Stock. Includes sub-sections for Sep 89, Oct 89, Nov 89, Dec 89, Jan 90, Feb 90, Mar 90, Apr 90.

BANK RETURN

Table showing Banking Department, Liabilities, Assets, and Issue Department with weekly and monthly changes.

BASE LENDING RATES

Table listing various banks and their base lending rates for different terms and currencies.

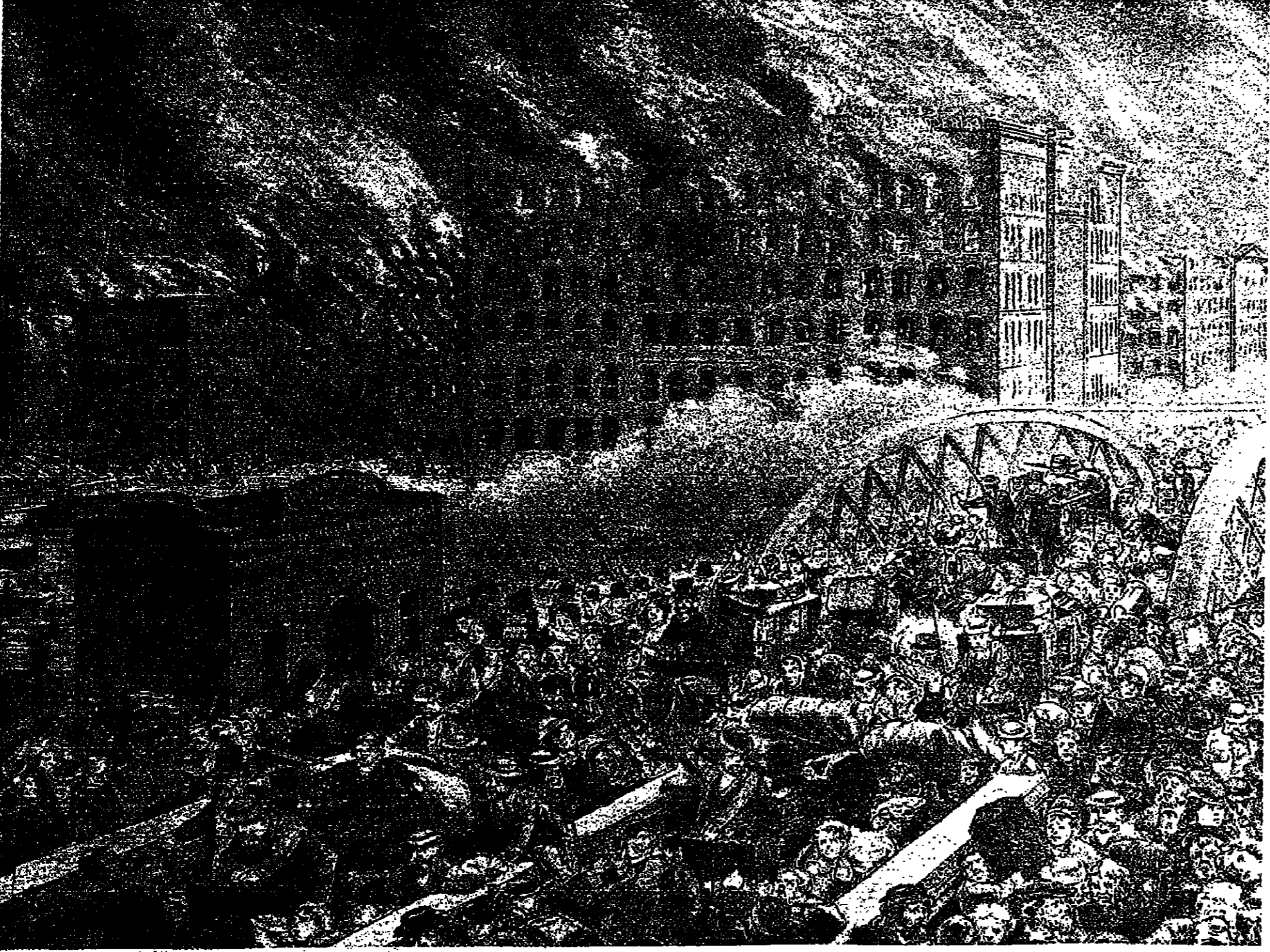
FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table showing Equity Groups & Sub-sections, Fixed Interest, and Average Gross Redemption Yields with various performance metrics.

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October 8, 1871: the brightest day in the history of Chicago's architecture.



In America, there exists one of the greatest architectural museums in the world. It's called Chicago. A city entirely destroyed by the Great Fire of 1871. Yet the indomitable spirit of its citizens did not go up in flames...

Chicago. The American Renaissance.

Illinois Dept. of Commerce and Community Affairs, Office of Tourism © 1989.



INTERNATIONAL COMPANIES AND FINANCE

Air France, Lufthansa sign partnership pact

By Paul Betts, Aerospace Correspondent, in Paris

AIR FRANCE and Lufthansa, the French and West German national carriers, signed yesterday a far-reaching co-operation agreement as a first step towards a Franco-German alliance in the swiftly changing international airline industry.

thansa are under pressure to strengthen their competitive position, partly as a result of a decade of deregulation in the US and partly in anticipation of the liberalisation which will accompany the European single market.

The agreement is also seen as a response to moves by British Airways, Western Europe's largest international airline, to build alliances with airlines in America and Europe.

Both companies said the agreement was designed to "prepare them for the year 2000" together with other European airlines.

from Germany via France to the French West Indies. Setting up a joint catering company linking the two airlines' catering subsidiaries.

BNP seeks remaining shares of Swiss unit

By William Dullforce in Geneva

BANQUE Nationale de Paris (BNP) yesterday made an offer worth almost Sfr755m (\$32.5m) for the shares it does not already own in its Basel-based Swiss subsidiary.

Essentially, the provisions concern a credit to a single customer, which secrecy clauses in Swiss banking law forbid the bank from naming.

The offer runs from September 20 to October 30. BNP (Swiss), founded in 1826, went public in March 1987 with an offer of 43,500 bearer shares at Sfr2,200 each.

Smorgon sheds box operations AUSTRALIAN cardboard box manufacturing is to be concentrated in the hands of just two producers following a deal yesterday whereby Amcor and the Pratt Group, its main competitor in the sector, are to divide between them the box operations of Smorgon Consolidated Industries, their only other significant rival.

Adsteam advances 25% to new peak

By Chris Sherwell in Sydney

A REVISED accounting approach by Adelaide Steamship, the Australian conglomerate controlled by Mr John Spalvins, has limited the group's after-tax profit to a lower than expected A\$20.8m (US\$16.8m) for the year to June.

Nevertheless, the result was a 25 per cent increase on the previous year, and carried the group to its 13th consecutive record. It also brought a final dividend of 36 cents, making a total of A\$1 for the year.

Revenues, at A\$295.2m, were down 15 per cent from the previous A\$1.17bn. Sales from the group's collection of wholly-owned operating divisions were 5 per cent higher at A\$409m, while "other revenues" mostly from investments, plunged 25 per cent to A\$59m.

Spalvins characterised the profit as "conservative" and analysts, surprised by the result, indicated two principal factors lowering their forecast earnings of about A\$25m.

A dramatic increase in tax expense to A\$38.7m from only A\$62,000 following a decision to write back tax losses previously set up as future tax benefits. Mr Spalvins said yesterday the group still had available

it A\$1m relating to tax losses. A decision to make a A\$50m provision for a diminution in value of short-term investments. Mr Spalvins said that in light of the market's improvement since balance date, there was no reason to believe the provision would be required in the current year.

Adsteam shares finished at A\$8.76, down 10 cents. In this accounting change Adsteam reported no equity accounted profits. Yesterday's results included only the actual dividends received from associated companies, and last year's figures, which showed equity shares, were adjusted accordingly.

These associates produced buoyant profits. Both the David Jones retail group and the Tooth and Drinks group more than doubled their earnings, large increases were reported by National Consolidated and Petrusville Sleigh, and profits at Howard Smith increased almost twofold.

Record profits were also shown by Adsteam's operating subsidiaries, notably the Sellers Atkins building supplies company, the WA Realty land development business and Duncan's Holdings which has timber, tiles, glass and aluminium operations.

NZ brewer confirms talks to acquire Bond interests

By Our Financial Staff

SHARES in Mr Alan Bond's companies finished the week firm on Australian stock exchanges as a belief grew that the debt-laden Perth entrepreneur could reach a deal on Monday to shed at least part of his brewing business.

Lion Nathan, a big New Zealand beer-based group, made clear yesterday that it was in intense discussions about buying into the brewing activities of Bond Corporation. These companies are the Swan, Castlemaine XXXX and Toobies brands as well as G. Helleman in the US and joint ventures in China and Hungary.

Labatt of Canada has also expressed interest. A Lion Nathan official was quoted in Auckland as saying: "We haven't got a deal yet. You'll have to wait until Monday." He added: "It's difficult to put a time frame on a huge deal like this."

In May the brewing assets were valued at A\$3.5bn (\$32.7m) when Mr Bond produced shifting them from Bond Corp, his heavily borrowed flagship company, into the cash-rich Bond Resources, in which it owns 58 per cent.

All Resources' shares gained 10 cents yesterday to A\$11 while Bond Corp added 1 cent to 41 cents. Shares in Lion Nathan rose 20 cents to NZ\$4.

exchange rate for the Australian dollar, increased steel sales as the inclusion of results from its Hawaiian refinery acquisition.

Santander in domestic offensive

By Tom Burns in Madrid

AFTER cementing a series of intricate international alliances, Banco de Santander has moved on to the offensive locally, firing an aggressive broadside at rival Spanish banks with the introduction of interest-bearing current accounts.

Santander is offering 11 per cent interest on a current account balance in excess of Ptas500,000 (\$4,065), the first big Spanish bank to offer this service. But it has broken a gentlemen's agreement among the big domestic banking houses which have long feared the costs of such a move.

Interest-bearing current accounts were pioneered in Spain by Barclays Bank, against staunch domestic opposition. The lead by the British bank, which has about 150 branches in Spain, was followed earlier this year by a number of smaller Spanish banks such as Banco de Comercio, a subsidiary of Banco de Bilbao Vizcaya.

By taking the challenge for the big banks, Santander, which has a nationwide network of more than 1,500 branches, has effectively issued the first shot in a high street banking war which will inevitably test operating margins. The aggressiveness of the Santander move was underlined by a Ptas1m publicity campaign in which the bank, as well as paying monthly interest, it would arrange within 24 hours the transfer of all standing orders in other banks.

Santander, the most internationally active of the Spanish banks, has a 10 per cent stake in the Royal Bank of Scotland. Nomura Securities of Japan has a 1.5 per cent stake in it and a 10 per cent holding in Banco Santander de Negocios, an investment banking unit.

BA closer to winning United Air battle

By James Buchan in New York

BRITISH Airways of the UK was yesterday all but certain to gain an important stake in United Air Lines after the Chicago company's directors accepted a \$6.8bn offer from BA, allied with the airline's pilots and management.

The approval, which was announced late on Thursday by the non-executive directors of UAL, the airline's parent company, opens the way for the bidding group to launch some time next week a \$300 a share tender offer for the company's stock. Success would create the largest employee-owned business in the US.

In its decision, the UAL board told management to be available to entertain any new offers for the company. But Wall Street investment bankers and stockbrokers yesterday doubted that a competing offer could be mustered against such an apparently solid front as the airline's management.

under Mr Stephen Wolf, chairman, its 6,000 pilots and a rich foreign backlog. Mr Marvin Davis, the Los Angeles investor who launched the battle for United Air Lines six weeks ago, said he preferred not "to bid against the coalition that has been arrayed against us."

Instead, Mr Davis told the board yesterday that he was ready to pay \$300 a share if the Wolf group offer failed. Thursday night's deal still needs the approval of the Department of Transportation in Washington, which may have reservations about the \$7bn in debt the airline will carry and the involvement of a foreign airline.

Under the merger agreement between UAL and the bidding group, BA will invest some \$750m in preferred stock, part of which is convertible into a 15 per cent voting stake. A group of managers led by



Marvin Davis: will not bid against coalition

Mr Wolf will invest about \$15m and receive options that will eventually give them 10 per cent. By a complex and circuitous arrangement, the pilots' union pension plan will borrow \$200m for a 75 per cent stake.

But the lion's share of the financing will be about \$7.2bn in bank loans that Citibank and Chase Manhattan, the New York banking groups, will extend themselves or syndicate with other banks.

In a highly unusual move, the bidding group is apparently not seeking to sell junk bonds to finance the deal, which means that the banks and BA are shouldering all but a fraction of the financial risk.

The junk bond market has been tumbling all week, a result of deep anxieties about the future of several issuers, most notably Campeau, the Canadian real estate and retailing group.

Under the deal, BA is expected to take one board seat, with the management and employees taking three each and the remainder being allocated to non-executive directors.

International group buys 25% stake in Matuschka

By Haig Simonian in Frankfurt

A GROUP of six leading international institutions has bought a 25 per cent stake in Matuschka Group, the privately-owned West German financial services partnership which specialises in corporate finance and fund management.

In April, Nomura Securities, whose planned 5 per cent interest in Munich-based Matuschka was disclosed in January, the international group includes General Electric Capital of the US, Suez International, the UK merchant bank Charterhouse, the Akros Italian investment house, and Willowbridge Investments, a UK investment house linked with Allen & Co in the US.

Michelin unveils 29.5% increase to FF1.62bn

By William Dawkins in Paris

MICHELIN, the French tyre maker, yesterday unveiled a 29.5 per cent rise in group sales and a 29.5 per cent in net profits for the first six months of 1989.

Turnover increased from FF2.5bn in the first half of 1988 to FF3.25bn (€425m) in the six months to last June, while profits climbed from FF1.25bn to FF1.62bn over the same period. This includes a one-off extraordinary profit of around FF250m after tax, representing the surplus on the sale to Citroën of shares held in the French car group's Spanish offshoot. The disposal was made at Citroën's request, said Michelin.

WORLD COMMODITIES PRICES

Table with columns for Commodity, Unit, and Price. Includes sections for LONDON METAL EXCHANGE, SOYABEAN MEAL - BSE, and RUBBER - BSE.

US MARKETS

IN THE METALS, gold, silver and platinum prices were all down in early action due to a lower than expected US trade deficit, reports Drexel Burnham Lambert. Prices rallied late in the session as news of a US bank failure weighed heavily on the dollar. Profit-taking lowered palladium futures after the market posted strong gains earlier in the week.

New York

Table with columns for Commodity, Price, and Change. Includes sections for GOLD 1000 troy oz, SILVER 5000 troy oz, and COPPER 25000 lbs.

Chicago

Table with columns for Commodity, Price, and Change. Includes sections for SOYABEANS 5000 bu, CRUDE OIL 42000 US gal, and HEATING OIL 42000 US gal.

INDEXES

Table with columns for Index Name, Date, and Value. Includes sections for DOW JONES, FTSE 100, and Nikkei 225.







WORLD STOCK MARKETS

US MARKETS (3pm)

Table of US stock market data including DOW JONES, NYSE, NASDAQ, and various industry indices. Includes columns for date, index value, and change.

INDICES

Table of international stock indices for countries like Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and the UK.

Table of NEW YORK ACTIVE STOCKS listing individual stocks, their prices, and changes.

AUSTRIA

Table of Austrian stock market data.

CANADA (3pm)

Table of Canadian stock market data.

FRANCE (continued)

Table of French stock market data.

GERMANY (continued)

Table of German stock market data.

ITALY (continued)

Table of Italian stock market data.

NETHERLANDS

Table of Dutch stock market data.

SWEDEN

Table of Swedish stock market data.

SWITZERLAND

Table of Swiss stock market data.

SPAIN

Table of Spanish stock market data.

SOUTH AFRICA

Table of South African stock market data.

ITALY

Table of Italian stock market data.

JAPAN

Table of Japanese stock market data.

Base values of all indices are 100 except Brussels SE and DAX - 1,000 JSE Gold - 255.7 JSE Industrials - 264.3 and Australia. All Ordinary and Mining - 500; G2 Closed. G2 Unavailable.

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WORLD STOCK MARKETS

AMERICA

# Difficulties in junk bonds market steal the limelight

Wall Street

THE EAGERLY-awaited release of four sets of economic statistics had little impact on the US financial markets, as investors focused their attention on the difficulties in the junk bond market. Instead, writes Anatole Kalesky in New York.

The junk bond market, which had seen heavy losses across the board in the last few days in the wake of the cash-flow crisis at Campean Corporation, appeared to stabilise yesterday morning despite Campean's failure to issue a promised statement on its refinancing plans.

But takeover stocks continued to fall sharply in the equity market in response to investors' fears about the difficulties of financing future high-priced deals.

The Dow Jones Industrial Average, which opened higher and gained as much as 15 points in the first hour of trading, fell back sharply later. Prices recovered around lunchtime and the Dow at 1 pm stood 5.51 points higher at 2,670.40.

Trading volume was heavy, largely because of the "triple witching hour" expiration of stock-index futures and options, as well as options on individual stocks. By 1 pm about 160m shares had changed hands on the Big

Board, and declining issues outnumbered gainers by about three to two.

The Treasury bond market showed only a mild response to the number of economic statistics released in the morning. The two most important reports were the July trade figures and the August producer price index. Both indicators appeared at first sight to be better than expected.

The trade figures showed a deficit of \$7.58bn, well below the consensus forecast of \$9bn. Producer prices fell by 0.4 per cent, compared with a consensus estimate of an 0.2 per cent fall. On closer inspection, however, analysts expressed concerns about the statistics, particularly the PPI.

As a result, the bond market surrendered some of its early gains and actually fell slightly at the short end. By lunchtime, the Treasury's benchmark long bond was trading at 100 1/8, a price at which it yielded 8.07 per cent. The dollar also gave up the sharp gains it registered immediately after the release of the trade figures, and proved unable to sustain a breach of the key DM2 level.

The stockmarket's busiest trading was again in takeover-related issues. UAL rose 3/4 to \$290 1/2 after the board's announcement that it had accepted a \$200 a share buyout offer from management and the pilots' union, backed by a \$750m equity infusion from

British Airways. Other airline stocks fell sharply, however, as hopes receded that new hostile deals could be financed in the junk bond market. AMR declined 3/4 to \$76 1/4.

The hotels sector presented a similar picture, with Hilton dropping 3/4 to \$88 1/4 and Holiday Corporation down 1/4 to \$78 1/4.

MGM/UA advanced 1 1/4 to \$22 1/4 after announcing that Qintex had raised its takeover offer to \$25 a share.

Georgia Gulf plunged 3/4 to \$53 1/4 in response to a statement from Mr Harold Simmons, the Dallas investor, that he would drop a proxy fight against the board.

Clampson Corp shares remained flat. Laidlaw was the most active stock, but remained steady at C\$19 1/4. Toronto Dominion bank fell C\$4 to C\$20 1/4 on volume of 1.1m shares.

In resource stocks, Trimin jumped C\$1 to C\$3.65 after it announced it had found significant deposits of copper and zinc at a property in Saskatchewan.

# South Africa keeps its economists guessing

Jim Jones on how new policies for inflation and privatisation may affect the market

WHEN it comes to availability of "one-handed" economists, Johannesburg is little different from many of the world's other financial centres.

The shortage is particularly acute at this stage of the stock market's development, immediately after an election which gave the De Klerk Government a mandate for reform.

Problems are expected to develop as the authorities apply the economic brakes needed to bring inflation out

GOLD shares closed lower in Johannesburg as the bullion price fell following a strong dollar rally after better than expected US July trade data.

of the system. As a result, few stock market economists are willing to present views on the market without the usual rider of "On the other hand..."

When lip service is paid to the concept of reform, prospects are not viewed with unalloyed enthusiasm inside the Johannesburg Stock Exchange.

The market's indices are taking a breather after hitting post-crash highs in August, as investors watch the gold price drop to around \$360 an ounce and as economists in broking firms warn of the risks of reform.

Yesterday, the JSE Actuaries Overall index was holding its own at 2,730, more than 60 points down on the highs of August. While the all-gold index was at 1,563, or 122

points below its August peak. Most stock market economists are happy with the outcome of the general election, believing the Government has five years to implement policies designed to put an inflation-riddled economy back on track without fear of losing votes to right-wing parties.

On the other hand, some are concerned that Pretoria and the South African Reserve Bank (SARB) might only be prepared to stomach a limited amount of the black turbulence likely to accompany a sharp increase in unemployment as the economy cools.

The violence of 1985 and 1986, fuelled by the anti-inflationary measures introduced in 1984, has not been forgotten.

Nor has the fact that the Government took fright at the township disturbances, scrapped inflation-fighting and stimulated the economy before inflation had been beaten.

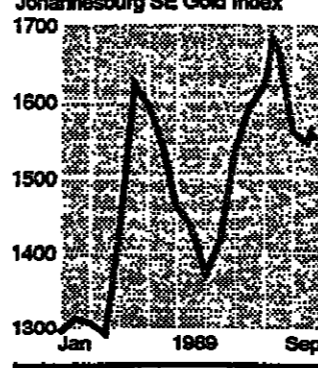
This aside, Mr Gad Arivovich, an economist with the Ferguson Brothers brokerage house, is optimistic that the SARB under its new governor, Dr Chris Stals, will be better able to concentrate on curbing inflation than under Dr Stals's predecessor, Dr Gerardus de Kock.

"He can see what economic measures are appropriate right through the business cycle," said one economist. "De Kock only dealt with the phase of the cycle we were in."

Dr Stals is believed to be closer to the cabinet than was Dr de Kock and his recent

South Africa

Johannesburg SE Gold Index



inaugural address made clear that cutting inflation was now the bank's principal aim.

As Mr Mike Brown, an economist with stockbrokers Frank Kruger, Vindering, sees it, inflation fighting was less than wholehearted under Dr de Kock because he believed rising prices were an inescapable part of South Africa's adjustment to the effects of financial sanctions.

Fighting inflation implies a period of positive real interest rates, particularly as most economists predict inflation will continue to rise over the next few months - from its present 15.5 per cent to about 17 per cent by early 1990.

On the other hand, it also implies a reduction in the Government's deficit before borrowing, says Mr Arivovich. That, he says, will be helped by privatisation which will put cash in the Government's

hands, reducing its need to finance capital spending with debt which, in turn, is likely to curb long-term interest rates.

One broker believes privatisation could be an indirect catalyst for attracting foreign investors back to South African gilts and equities.

He feels there will be little direct foreign interest in the privatisation of steelmaker Iscor. But he argues that the Government could use privatisation funds to write off the Reserve Bank's foreign exchange losses and that this will give the central bank more flexibility to support the rand against other currencies.

If that is the case and foreign investors lose their fear that the rand is irretrievably locked into a decline, yields on South African gilts could be irresistible. At present, foreigners investing through the financial rand can earn 25 per cent before withholding tax on local gilts compared with 17 per cent or less on Australian long-term issues and 7 per cent or so on US or German bonds.

The broker couples this with the fact that many cash-rich European Governments are redeeming gilts, a move which is creating shortages of good quality fixed-interest stocks and is starting to persuade institutional fund managers to take another look at South African gilts.

Inside South Africa, gilt and equity markets remain affected by exchange controls which the debar institutions from investing abroad.

In his March budget, Mr Barandou Plessis, the finance minister, removed the regulations which compelled insurance companies to invest a portion of their funds in prescribed assets - cash, gilts and semi-gilts.

The upshot has been less domestic buying of fixed interest securities even though institutional cash flows are estimated to exceed this year's likely R18bn (\$8.4bn) turnover in equities on the JSE.

Local institutions have been keeping their investment powder dry in anticipation of privatisation opportunities. But privatisation can have only a limited effect, one broker says. He estimates that growing cash flows and the removal of prescribed asset investment requirements have left insurance companies and private pension funds with about R20bn of highly liquid assets.

The privatisation of Iscor in October will absorb only R3bn of private sector cash, and the institutions remain trapped by the limited availability of good quality equities. This has underpinned the market, with investors unwilling to sell blue chip shares.

Over the next two or three years, other state-owned companies such as South African Airways (SAA) and Eskom, the electricity utility, will be put on the auction block. But the supply is limited and local institutional fund managers will still be faced with the problem of where to channel growing cash flows.

EUROPE

# Worrying signals cross the Atlantic

A NERVOUS week ended in similar vein, as markets waited to see how the US economy would perform, and thought about the consequences.

PARIS picked up at the close to end slightly higher on news of the lower US trade deficit for July. But the bounce was seen as partly technical and little account seemed to have been taken of the threat that the dollar's renewed strength could lead to a rise in German interest rates.

One analyst commented that the market's rise was "not particularly convincing." Unless something dramatic happened on Wall Street, he added, "we'll probably see a fairly weak start to next week."

The OMF 50 index was up 1.61 at 526.87, giving a fall on the week of 0.2 per cent. Turnover was heavy in certain stocks and the total was estimated at FF2.5bn or above, compared with FF2.7bn on Thursday.

Peugeot suffered heavy selling on news that strikes had now halted production at two plants in eastern France, where the new 605 model, as well as other makes, are produced. But support emerged at FF900 and the stock recovered partially to end FF11.10 at FF907.

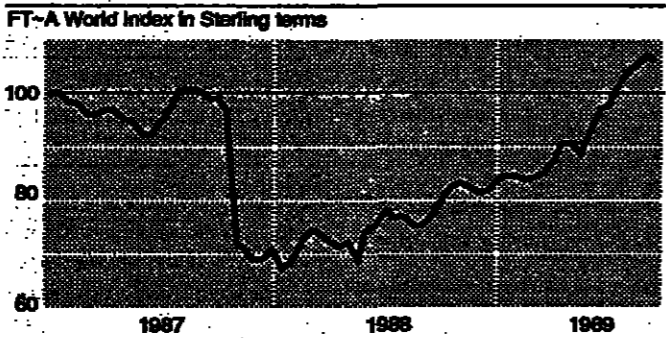
Elsewhere, stakebuilding and restructuring plans dominated the day. Scree, the building company, jumped FF215 to FF1.275 after resuming trading following Bouygues' announcement it aimed to buy the 18.7 per cent in the company that it does not already own.

Navigation Miro, the holding company with insurance interests, fell FF23 to FF1.200 after a FF55 rise on Thursday in huge turnover, and AGF, the state-controlled insurance group, said it had increased its stake from 5 to 7 per cent.

Bon Marche, the stores group, climbed FF23 to FF1.025 amid speculation that an ally of financier Agache, its majority shareholder, was

Europe (excl. UK)

FT-A World Index in Sterling terms



Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

picking up stock. Similarly, Raffinage jumped FF12.90 to FF178 on talk that Total, which controls it, would buy out the remaining stake.

FRANKFURT fell in nervous trading ahead of US economic statistics, calculating that a contraction in the US trade deficit would push up the dollar and strengthen the case for an increase in key interest rates.

The DAX index fell 15.94 to 1595.31, a drop of 3.8 per cent of the week, on turnover which rose from DM4.1bn to DM4.5bn. The FAZ index, calculated in mid-session, was only 0.29 lower on the day, and 2.6 per cent on the week, at 897.58.

There is a dichotomy of views about this situation. Some dealers say that even if the Bundesbank did put up interest rates, this need not sandbag the equity market which is also looking at a strong domestic economy.

Evidence of that came from Thyssen yesterday, not so much in its "double-digit" earnings growth expected for 1989, but in its forecast of a good year for steel in 1990. Thyssen rose DM3 to DM237.

MILAN extended its recovery on the first day of the October trading account, the Comit index rising 2.34 in thin trading to 132.30 for a gain of 2.1 per cent on the week.

The national talent for intrigue was demonstrated

again as Gemina rose L50 to L2,400 on a rumour that Banco Nuovo Ambrosiano may be disposed to merge with Banca Commerciale Italiana.

An alternative story was that Banca Nazionale Del Agricoltura, up L340 to L11,200 on a 7 per cent rise in its first half profits, is near to a deal with Credito Italiano.

MADRID saw profit-taking accelerate from Thursday, with the utility and banking sectors worst hit. The general index lost 2.51 to 324.82, leaving it 0.8 per cent down on the previous week. Turnover remained high at about \$1.1bn.

A press report that the Government was stepping in to prevent West Germany's RWE from taking a stake in Union Fenosa caused some surprise in Madrid and, although unconfirmed, was partly blamed for the losses in utilities.

Fenosa lost 3 points to 90 per cent of par, while Hidrola shed 18 to 507 and Iberduero, up sharply the previous week, dropped 4.1 to 157.1.

AMSTERDAM had a rather dull day, picking up briefly on news of the narrower US trade deficit, but then easing to a mixed close as the monthly expiry of index options put pressure on prices. The CBS tendency index closed steady at 195.5, but slightly down on the week.

STOCKHOLM closed higher in moderate and cautious trading ahead of US, and domestic economic indicators. In lower turnover, the Affarsvarlden general index closed at 1.5 higher at 1289.4, 2.3 per cent lower on the week.

Feature of the day was the pharmaceutical group, Astra AB, up SEK10 to SEK365 after announcing that its ulcer drug, Losec, has been approved by the US Food and Drug Administration (FDA).

OSLO rose for a third day and the all-share index hit a new peak of 538.08, up 3.53 in active trading as the market ignored post-electoral uncertainties and concentrated on improving economic fundamentals and a firm oil price.

BRUSSELS rose again although there was some profit-taking, too, and the cash index reached 6,700.70, up 23.89 on the day and 1.6 per cent on the week.

Deloitte, the retailer, benefited from a 10 per cent put-up on BFR150 to BFR6,500, while steelmaker Cockerill was again active and added BFR8 to BFR324.

# Holiday mood leaves trading volumes low

HOLIDAY time seemed to affect most of the Asia Pacific stock exchanges yesterday. Tokyo, Hong Kong and Seoul were closed, and some of the others seemed to take their cue from that.

AUSTRALIA saw peripheral activity, in lower volume for the general run of shares. The Share Index futures market, which dealt in a 51-point spread on Thursday, made an 8 point premium to the All Ordinaries index that night, but subsided yesterday to finish at an 8 point discount.

The All Ordinaries itself added 0.8 to 1,738.3, down 1.4 per cent on the week. It was

stabilised by the performance of Broken Hill Proprietary, Australia's biggest listed company, which firmed 2 cents to A\$9.85 although a 12 per cent rise in first quarter net profits was below expectations.

News Corp shed 55 cents to A\$15.85 following its US\$1.4bn bid for MGM/UA Communications. Things could have been worse: News was 90 cents lower in New York overnight.

Bond Corp, which plunged sharply early in the week, recovered another cent to 41 cents. Its associated company, Bell Resources, which will acquire Bond's breweries if one plan proceeds, rose 10 cents to A\$1.12.

NEW ZEALAND languished, waiting for another solution, in which Lion Nathan was expected to make a deal on the Bond breweries. But after the close of trade, Lion Nathan said that there would be no announcement yesterday, or during the weekend.

The Barclays index ended 5.03 lower at 2,944.94, for a 1.4 per cent fall on the week.

SINGAPORE was looking at a Kuala Lumpur holiday on Monday, in addition to those in Hong Kong and Japan yesterday. Volume has slipped to around half the levels seen during the active dealings of a

month or more ago.

The Straits Times industrial index rose 0.51 yesterday to 1,411.81 for a fall of 0.6 per cent on the week.

TAIWAN was closed on Thursday for a holiday, and on Tuesday for a typhoon. It made the best of yesterday, putting on another 203.88 to close at a record high of 10,641.60, a rise of 2.3 per cent on the week.

Volume widened to 1.07bn shares worth NT\$151bn, from Wednesday's \$45m and NT\$19bn.

MANILA rallied, boosted by the prospect of stabilising interest rates, and the composite index rose 13.06 to 1,144.67,

# INTERIM EARNINGS UP 48%

	Half Year '89	Half Year '88	% Change
Net profit <small>(after one and a half months)</small>	£294m	£199m	+48%
Earnings per share <small>(fully diluted)</small>	33.6p	23.5p	+43%
Dividend	5.00p	4.25p	+17%

- Sharply focussed strategy creates world's largest mining company.
- Newly acquired BP Minerals assets, net of financing, boost earnings by £65 million.
- Continued strength in base metals and industrial minerals markets.

# RTZ

NATURAL RESOURCES AND RELATED INDUSTRIES

The full interim statement is being posted to shareholders. For further copies please write to: The RTZ Corporation PLC, 1 Redcliff Street, Bristol BS1 6NT.

THE RTZ CORPORATION PLC, 6 ST. JAMES'S SQUARE, LONDON SW1V 4LD

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 14 1989				WEDNESDAY SEPTEMBER 13 1989				DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change	Gross Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low
Australia (65)	154.13	+0.2	148.53	132.04	-0.1	4.81	154.50	147.49	132.20	157.14	128.28
Austria (19)	148.53	-0.1	141.59	132.23	-0.6	1.81	149.03	142.30	133.46	160.67	92.84
Belgium (63)	135.79	+0.8	129.10	138.14	+0.2	4.06	134.74	128.63	137.90	137.97	115.74
Canada (123)	147.40	-0.5	140.13	126.43	-0.6	3.19	148.15	141.44	127.23	153.59	124.67
Denmark (36)	187.25	+0.1	187.82	204.66	+0.3	1.55	185.48	196.57	204.11	213.46	165.35
Finland (26)	131.26	+0.5	134.28	122.10	-0.8	2.26	134.77	124.77	125.09	138.16	125.81
France (126)	130.93	+0.0	124.48	136.43	-0.5	2.76	130.93	124.98	137.14	133.44	112.57
West Germany (98)	96.57	+0.6	91.81	98.85	+0.0	2.06	96.04	91.69	96.86	100.53	78.56
Hong Kong (48)	110.11	+0.8	104.28	110.39	+0.8	5.03	109.27	104.32	108.55	140.33	82.41
Ireland (17)	153.89	+0.6	148.52	163.89	+0.2	2.78	151.38	144.69	158.54	168.68	125.00
Italy (57)	93.25	+1.1	88.95	98.42	+0.7	2.29	92.24	86.06	97.75	98.73	74.97
Japan (465)	173.37	+1.1	169.57	165.23	+0.8	0.48	178.47	168.47	163.62	200.11	164.22
Malaysia (36)	199.92	+0.0	190.05	207.87	+0.0	2.47	199.85	190.79	207.90	199.92	153.32
Mexico (13)	303.76	-4.1	293.54	670.87	-3.8	0.28	321.99	307.26	303.81	349.52	182.28
Netherlands (43)	123.52	-0.5	120.68	128.83	-1.0	4.06	127.59	121.80	128.86	130.67	110.63
New Zealand (20)	84.36	-2.1	80.20	75.93	-1.6	4.82	88.18	82.27	77.11	88.18	82.62
Norway (24)	184.84	+1.3	178.72	179.76	+0.9	1.44	182.50	174.22	178.23	198.39	136.92
Singapore (26)	165.89	-1.7	157.70	151.21	-1.8	1.85	163.70	151.05	153.81	170.82	117.57
South Africa (90)	148.53	+0.4	148.52	136.02	+0.4	4.18	148.27	135.53	157.59	157.59	118.35
Spain (45)	180.72	+0.1	182.79	149.56	-0.4	3.44	180.60	153.32	150.14	160.94	143.14
Sweden (35)	177.55	+0.0	188.80	174.40	-0.4	1.97	177.55	169.50	175.12	188.94	138.45
Switzerland (54)	87.72	-0.2	83.40	92.37	-0.9	2.04	87.90	83.92	93.18	94.16	73.41
United Kingdom (306)	152.59	-0.5	145.07	145.07	-0.8	4.07	149.18	142.19	148.19	158.41	133.28
USA (649)	132.52	-0.7	132.88	138.56	-0.7	3.29	140.58	134.21	140.58	143.54	112.13
Europe (987)	128.45	+0.0	122.11	128.90	-0.5	3.26	128.42	122.60	127.58	132.62	112.63







LONDON STOCK EXCHANGE

Special trades round off dull week

SIGNS OF strain showed in the UK stock market yesterday when three trading programmes clearly weighted towards the "sell" side sent share prices sharply downwards on the last day of the current equity account. A recovery emerged towards the close, with news of an improvement in the US trade deficit in July helping to reduce earlier losses in the London market. However, the closing tone was subdued, with shares beginning to sag again in the final minutes as Wall Street turned easier.

The announcement of a sharp dip in underlying inflation in the UK to 7.3 per cent concerns whether it will take up its entitlement to the 6.3m shares due from the rights issue. If the US group does not take up the stock, it will effectively lighten its holding by about one percentage point. So far there is no indication as to which way General Cinema will go, but the rise in the shares yesterday suggests there are some who believe it will take up the entitlement.

Industries after the UK Takeover Panel granted Hoylake's wish that its £13.5bn bid for BAT should have pending US regulatory decisions. It may then be renewed. However, distress signals were soon hoisted as the three sell programmes hit the market. The damage, quickly reflected in a discount on the FT-SE futures contract, was done by a programme from a US house and weighted ten to one on the "sell" side. Worse still, from the market's point of view, the "sell" side was stocks on the Alpha list while the buys were mere Gamma stocks. Turnover in Gammas jumped to 233.9m shares yesterday, compared with Thursday's 77.1m, a typical average for this category.

The programme coincided with a general inclination by marketmakers to trim trading books as the account closed. The Footsie Index was driven down by nearly 80 points at worst to show a level of 2,352.7. A rally set in after 1.30pm, when the US trade figures reached London and a firmer dollar raised hopes for a better performance from Wall Street. However, London weakened again as New York slipped back.

The final reading on the FT-SE Index showed a net fall of 15.5 points at 2,366.5. The index has lost 57.4 over the past week or some 2.4 per cent, influenced both by Wall Street's trend and by a cautious reception for the corporate reporting season in the UK. However, over the two week equity account, the FT-SE Index has shed 41 points. Seq trading volume yesterday reached 726.6m, significantly higher than recent daily averages which have been in the 450m area. Yesterday's overall total was boosted by the unexpected increase in trading in Gamma stocks but trading in Alpha stocks also rose, to return a total of 346.1m against Thursday's 314.1.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index Name, Sep 15, Sep 14, Sep 13, Sep 12, Sep 11, Year Ago, High, Low, Since High, Since Low. Rows include Government Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, Ord. Div. Yield, Earnings Yield, P/E Ratio, SEAD Bargains, Equity Turnover, Shares Traded, Ordinary Share Index, FT-SE Hourly changes.

Table with columns: Index Name, Sep 15, Sep 14, Sep 13, Sep 12, Sep 11, Year Ago, High, Low, Since High, Since Low. Rows include S.E. ACTIVITY, Gilt Edged Bargains, Equity Bargains, 5-Day average, Gilt Edged Bargains, Equity Bargains, S.E. Activity 1984, FT-SE 100 1982-89.

Takeover talk spur for BPB

Shares in BPB, the plasterboard manufacturer, were among the best performing alpha stocks after a late story swept around the market that a 40% share takeover bid for the group was being prepared.

Down to 285p early in the session, the shares suddenly steadied and then raced up on the back of some determined buying, to close a net 15 higher at 285p. Turnover of 4.9m shares was well ahead of recent levels in stock markets.

Names put forward as potential bidders for BPB included BTR and Hanson. Other UK-based suitors mentioned were Tarmac and BPB's fellow-plasterboard manufacturer Redland, while there were stories that overseas companies such as St Gobain of France or Australia's Boral were taking a hard look at the company.

Seeking a more fundamental reason for the strong rise in the share price, specialists pointed to the poor showing of BPB shares this year. They are the worst performing FT-SE stock, said one, who added "if someone was going to make a bid for BPB then now would be a good time." Analysts also highlighted the quality of the group's products and management.

A contrary view of BPB comes from BZW's building team which rates BPB a sell. BZW says a price-earnings ratio of just over eight times for BPB "looks much too high given the difficult times ahead in the next 18 months - sell."

Cadbury Schweppes performed well against the market trend, the share price buoyed by positive reaction to the acquisition of Trebor, demand for Monday's dividend, and yet more speculation about the 17 per cent stake held by General Cinema. By the close Cadbury were 10 higher at 85p on turnover of 2.4m shares.

The general reaction to the purchase of Trebor has been good. The fact that the rights issue was easily placed underlining the positive sentiment in Cadbury, said analysts. Although there is the possibility that the Office of Fair Trading will refer the bid to the Competition Commission, Cadbury is confident that the deal will be given a green light. The talk of General Cinema

concerns whether it will take up its entitlement to the 6.3m shares due from the rights issue. If the US group does not take up the stock, it will effectively lighten its holding by about one percentage point. So far there is no indication as to which way General Cinema will go, but the rise in the shares yesterday suggests there are some who believe it will take up the entitlement.

Some dealers offered a technical explanation for the strength in Cadbury, saying that a short position in the market, and buying for the 2.8p net dividend on Monday, was the real reason for the price rise.

The market was awash with tales concerning the large shareholdings in Midland Bank and the latter's shares moved erratically all day, touching a 1989 high of 385p early on, before sliding back to close only a net 4 higher at 379p. Turnover in Midland was 5.1m shares, well up on usual daily levels.

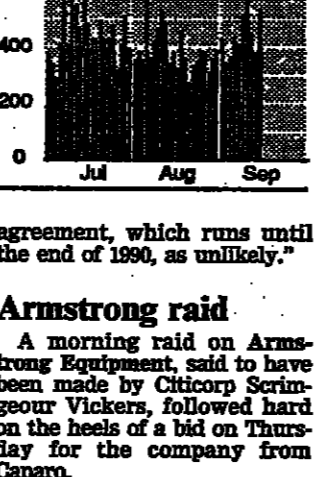
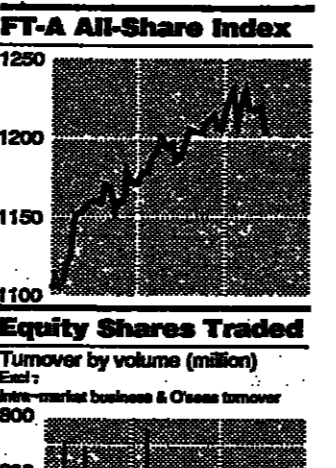
The early stories in Midland were that the Kuwait Investment Office had sold their near 10 per cent stake in Midland - they acquired a near 5 per cent holding in Midland from Hanson some months ago, to West Germany's Deutsche Bank and that the latter was about to launch an offer for Midland.

Another, and more plausible story, was that Hong Kong & Shanghai were about to make a full bid for Midland. Hong Kong & Shanghai has a 14.9 per cent stake in Midland. But the market remained unimpressed about the possible bid, although conceding that there had been considerable "new-time" buying of Midland stock. Mr Robert Law, of the bank's team at Shearson Lehman Hutton, said "We would regard any further strengthening of the ties between Midland and Hong Kong & Shanghai, before the end of the current

agreement, which runs until the end of 1990, as unlikely."

A morning raid on Armstrong Equipment, said to have been made by Citicorp Scrimgeour Vickers, followed hard on the heels of a bid on Thursday for the company from Caparo.

The move sparked the search for an explanation for sequence of events that has left analysts floundering. Caparo has 29.5 per cent of Armstrong and last month offered that stake for sale but failed to find a buyer. On Thursday, when the Armstrong shares were trading at 179p, Caparo launched a takeover bid at 180p a share. Yesterday's attempted raid, on the stock, which the market agreed came ultimately from JIF Fenner, valued the shares at 190p each.



NEW HIGHS AND LOWS FOR 1989. Table with columns: Index Name, High, Low. Rows include British Funds, Corp. Bonds & Foreign Bonds, Industrials, Financial and Prope, Oils, Pharmaceuticals, Others.

RISES AND FALLS. Table with columns: Index Name, On Friday, On the week. Rows include British Funds, Corp. Bonds & Foreign Bonds, Industrials, Financial and Prope, Oils, Pharmaceuticals, Others.

COMMODITIES

WEEK IN THE MARKETS

Base metals consolidate after falls

The sharpest price rise on the LME was in the lead market, where the cash position moved to within 50p of a 2-year high. A recent 9-year high. An unexpectedly large 4,225-tonne rise in LME stocks last week, to 32,100 tonnes, had pushed the cash price down 25.5 a tonne on Monday. But figures released on Wednesday by the International Lead and Zinc Study Group showed that non-communist world stocks of the metal had fallen by 10,000 tonnes in July and that encouraging a strong rally.

At last night's close the LME's cash lead quotation was 2467 a tonne, down 27 on the day but still 12.50 up on the week. The study group's figures gave little encouragement to the zinc market, showing a 20,000-tonne July stock rise. But the cash high grade price on the LME, which had dipped by 50 a tonne on Monday in response to news of a 10,350 LME stocks rise to a 5 1/2-year high of 68,625 tonnes (including both high grade and special high grade) rallied to close yesterday at \$1,620 a tonne, up 25 on the week.

Proportionately, the biggest rise in LME stocks was nickel's 1,423 tonne to 4,248 a tonne, and that was reflected in a cash price fall on Monday of \$300 a tonne, the lowest level since February, 1988. But with stocks still far from a 2-year high, buyers quickly returned to the market and by yesterday's close the price had recovered all but \$300 of Monday's decline.

day that it had already picked up a 3.75 per cent stake in Armstrong tempted analysts to the conclusion that the former was building a stake before buying Caparo's holding, so as to have a better springboard for a takeover. Analysts regard the move as a sign of strength, one suggested that 200p would succeed, however. Armstrong closed 11 better at 192p, while Fenner eased 3 to 174p.

THE UK Takeover Panel's ruling that Hoylake's £13.5bn bid for BAT Industries can be allowed to lapse, and then be renewed if the US regulatory rulings are favourable, switched on the speculative buying of BAT stock again. However, the price movement was somewhat erratic, and the shares ended well below the bid at 819p, a net gain of 18p. Turnover was moderate, at 6m shares.

Early dealings saw BAT at 890p as some dealers hope that Hoylake would drop his law suits against the US State Insurance Commissioners so as to speed regulatory approval. At one point the shares fell back to within a few pence of the overnight level, but a renewed advance was achieved later when London anticipated buying from New York, which in the event was somewhat short-lived.

The rest of the clearing day also attracted plenty of activity, with traders reporting heavy switching business, much of it from Lloyds to NatWest, and some big two-way activity in Barclays. The latter dropped 9 to 530p on 3.2m while Lloyds fell 7 to 412p on 2.4m and NatWest 2 1/2 to 385p on 4.1m.

Insurance stocks generally encouraged profit-taking after the bid speculation of recent days. Refuge moved against the trend, adding a couple of pence at 557p after confirmation that the 4.8 per cent stake previously held by Peel Holdings had been sold on to Athena Holdings, the French insurance group.

Ratners were the toast of the stores sector, rising 7 to 285p as a flood of buy notes landed on fund managers' desks in the wake of Thursday's interim figures. A sample of the analytical output gives the flavour of the market's mood. "The miserly rating looks increasingly incongruous," (County NatWest WoodMac), "Continued increases in market share should ensure earnings growth of at least 17 per cent in 1989/90, with a further strong year in prospect for 1990/1," (Kitcat & Aitken). "We continue to regard the company as being much in control of its own destiny," (BZW).

Marks & Spencer were heavily traded, and with the

last week's advance amid talk that President Bush was about to declare his support for Colombia in its fight against the drug barons might extend to a rethink of American policy on the International Coffee Agreement. The November position on the London futures market closed yesterday at 290 a tonne, up 27 on the day but down 22 on the week.

emphasis on the sell side the price dropped 4 1/2 to 208 1/2p as an impressive 7.6m shares changed hands. Moss Bros slumped 20 to 235p after Amber Day explained why its attempt to agree a merger with Moss Bros failed. Amber ended 1 1/2 higher at 69 1/2p.

Thursday's profits warning took its toll of SW Wood, 65 lower at 188p. Turnover was again heavy in Asia, with 11m of the underlying shares changing hands and contracts worth 5m shares traded in the options market. The price eased slightly, to down 3 at 200p, but there was yet more talk of an overseas bid in the next account. Asda is expected to announce on Monday the date for the extraordinary meeting, at which it will seek approval for the acquisition of 82 supermarkets from Isoceles for £705m. Talks between Asda and Isoceles over the acquisition are said to have become heated in recent weeks, but after tough bargaining the only key change is that Asda will not be buying the former Gateway distribution business.

The biggest rise of the day in foods came from United Biscuits, up 6 at 383p on turnover of 2m shares; buying for the 4.9p net dividend on Monday was behind the rise, said dealers. Otherwise it was a picture of large falls, with Banks falling 11 to 448p on the belief that Sir James Goldsmith's Sunningdale consortium might sell its 29.9 per cent stake.

Further consideration of Thursday's figures, and likely benefit due from the ending of the National Dock Labour Scheme, helped AB Ports climb another 21 to 672p. The bid by Mr Marvin Davis, the US investor, to match the bid for United Air-

lines from a consortium involving British Airways, was described by one analyst as a "graceful withdrawal" from the takeover race. BA held firm in the weak market on relief that the company would not be involved in an auction for UAL. The shares closed a silver easier at 215 1/2p.

British Aerospace investors reconsidered the disappointing figures of earlier in the week and sold some more shares. The price fell 15 to 649p in good turnover of 3.4m shares. The Shell/Royal Dutch interim dividends revealed on Thursday's figures. Buying for the new account helped the shares recover and they closed at 194p, 3 down on the day and 3 above the worst.

British Steel also had a hesitant morning, slipping to 74p before new time buying, traded options activity and interest in the fully paid version of the stock left the party paid

unchanged at the end of the day on 77p. Turnover was 6.8m shares, compared with 780,000 in the fully paid version which ended a shade better at 143p.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Stock, Value, Change, Buy, Sell, Net. Rows include ASA Group, Asda, Anglo Irish, Anglo Saxon, Anglo American, Anglo Pacific, Anglo Eastern, Anglo Continental, Anglo Overseas, Anglo International, Anglo Global, Anglo World, Anglo Asia, Anglo Europe, Anglo Africa, Anglo Americas, Anglo Oceania, Anglo Middle East, Anglo South America, Anglo Central America, Anglo Caribbean, Anglo Pacific Rim, Anglo Eastern Europe, Anglo Western Europe, Anglo Northern Europe, Anglo Southern Europe, Anglo Eastern Europe, Anglo Western Europe, Anglo Northern Europe, Anglo Southern Europe, Anglo Eastern Europe, Anglo Western Europe, Anglo Northern Europe, Anglo Southern Europe.

percentage changes since December 30 1988 based on Thursday September 14 1989. Agencies, Health & Household Products, Mining Finance, Food Retailing, Other Industrial Materials, Investment Services, Brewers and Distillers, Motors and Transport, Leisure, Other Groups, Chemical Engineering, Oil & Gas, Industrial Group, Publishing & Printing, Telephone Networks, Metals & Metal Forming, Property, Insurance (Brokers), Contracting/Construction.

LEADERS AND LAGGARDS

Table with columns: Index Name, Coupon, Red Date, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

BENCHMARK GOVERNMENT BONDS

Table with columns: Index Name, Coupon, Red Date, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

APPOINTMENTS

Head of defence at British Aerospace. Mr Sydney Gillibrand will succeed Mr R.E. Evans as chairman of defence companies of BRITISH AEROSPACE in the new year. The companies involved are BRITISH AEROSPACE (DYNAMICS), BRITISH AEROSPACE (MILITARY AIRCRAFT) and ROYAL ORDNANCE. He will replace Mr R.E. Evans, who was chairman of British Aerospace (Commercial Aircraft). Mr Evans, as already announced, will become chief executive of British Aerospace in the new year.

Mr Gillibrand started his career with the company as an apprentice with English Electric in the military aircraft factories at Preston and Warton. Mr Shearson Lehman Hutton announces that Mr Ian Morley has been made European director - managed futures, a new position. Mr Morley will have overall responsibility for developing and implementing the concept of managed futures accounts for clients in Europe. Mr Fleming Mercantile Investment Trust has appointed Mr Simon Keswick deputy chairman. NATIONAL AND PROVINCIAL BUILDING SOCIETY has made Ms Pauline Morrow its group public affairs manager. Ms Morrow joins the society from the Chemical Industries Association, where she was an executive director responsible for public affairs.

programme. Other organisational changes are being considered. Mr John Lawrence was named a director of SHELL UK, and he also succeeds Mr Nigel Hamlyn as director and chairman of subsidiary Shell Ventures UK. Before a recent short period on a special assignment, Mr Lawrence was director, marketing, Shell UK Oil. Mr Henry Roberts has been made chief executive of HUGHES FOOD GROUP's food supply division. Mr Roberts is a former managing director of Grand Metropolitan's subsidiary Aylesbury Foods and a former director of G.M.'s Express Foods Group International. At BP EXPLORATION, Mr John Saint is to retire at the end of the year after 33 years service with the company. Mr David Harding will then succeed him as BP Exploration chief executive for Europe. BDO BINDER HAMILTON has admitted Mr Edward Johnson as a new partner. He will spearhead a specialist regional management consultancy service for the chartered accountancy organisation's East Anglian region. Swindon-based SQUARE D COMPANY UK announced top executive changes and promotions to spearhead the electrical company's continued growth. The new sales and marketing manager, distribution equipment UK is Mr Jim Plenderleith, formerly commercial manager. During 20 years service with Square D, he has held executive positions in the UK, South Africa and Saudi Arabia. Switching to commercial banking is Mr Tony Parslow, who recently joined the company as strategic marketing manager, industrial

controls. Mr Mike Humphrys is promoted to UK sales manager and Mr Ray Thomas becomes marketing manager power equipment. Mr B.A. Bentley has become a director of COMMERCIAL UNION PROPERTIES. He will remain responsible for the development trading activities of its subsidiary, Commercial Union Properties (UK). WILDE SAPTE has appointed Mr Derek Tadiello as construction partner with responsibility for handling the construction work carried out by its litigation, property and commercial departments. Mr Tadiello, who was a civil engineer before qualifying as a solicitor, joins the company from Titmuss Sainer and Webb where he was a partner in charge of construction law. At the recent AGM of the BOND STREET ASSOCIATION, Mr Philip Watson, group sales director, Paul Shoen, was elected chairman for the 1988-91 period. Mr Roger Meares has been named sales and marketing director of CJL TRAVEL.

Mr Mike Smith is the new group director of marketing at HALL AND FAWSE, a subsidiary of Raine Industries. Mr Smith, who joins the company from Farmac Construction, will be based at the company's offices in Mackworth, Derbyshire. Mr Alan Whitfield has been appointed to the new post of Road Programme Director at the DEPARTMENT OF TRANSPORT. The department said the appointment follows the decision to expand the national trunk road programme, more than doubling the value of schemes from £5m to £125m. Mr Whitfield will take executive responsibility for the management of the

programme. Other organisational changes are being considered. Mr John Lawrence was named a director of SHELL UK, and he also succeeds Mr Nigel Hamlyn as director and chairman of subsidiary Shell Ventures UK. Before a recent short period on a special assignment, Mr Lawrence was director, marketing, Shell UK Oil. Mr Henry Roberts has been made chief executive of HUGHES FOOD GROUP's food supply division. Mr Roberts is a former managing director of Grand Metropolitan's subsidiary Aylesbury Foods and a former director of G.M.'s Express Foods Group International. At BP EXPLORATION, Mr John Saint is to retire at the end of the year after 33 years service with the company. Mr David Harding will then succeed him as BP Exploration chief executive for Europe. BDO BINDER HAMILTON has admitted Mr Edward Johnson as a new partner. He will spearhead a specialist regional management consultancy service for the chartered accountancy organisation's East Anglian region. Swindon-based SQUARE D COMPANY UK announced top executive changes and promotions to spearhead the electrical company's continued growth. The new sales and marketing manager, distribution equipment UK is Mr Jim Plenderleith, formerly commercial manager. During 20 years service with Square D, he has held executive positions in the UK, South Africa and Saudi Arabia. Switching to commercial banking is Mr Tony Parslow, who recently joined the company as strategic marketing manager, industrial

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FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as 'Windsor Trust Manager Ltd', 'Wright Seligman Fund Manager Ltd', and 'The Yorkshire Unit Trust Manager Ltd'.

INSURANCES

Table listing insurance-related unit trusts and companies, including 'AA Friendly Society' and 'Albany Life Assurance Co Ltd'.

Table listing unit trusts under the heading 'City of Edinburgh Life Assurance' and 'City of Westminster Assurance Co'.

Table listing unit trusts under the heading 'Dunelm Life' and 'Economic Insurance Company Ltd'.

Table listing unit trusts under the heading 'GENERALIST SPA' and 'The LAS Group'.

Table listing unit trusts under the heading 'Irish Life Assurance Co Plc' and 'Manchester Unity Assurance'.

Table listing unit trusts under the heading 'M&G Life and M&G Pension' and 'National Financial Management Corp PLC'.

Table listing unit trusts under the heading 'National Mutual Life' and 'Newwich Union Assurance Soc'.

Table listing unit trusts under the heading 'Phoenix Assurance Co Ltd' and 'Pioneer Mutual Insurance Co Ltd'.

Continued on next page



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Main table containing unit trust information with columns for Name, Price, Offer, Yield, and other financial metrics. Includes sub-sections for OFFSHORE AND OVERSEAS, GUERNSEY (SIB RECOGNISED), MANAGEMENT SERVICES, LUXEMBOURG (SIB RECOGNISED), and JERSEY (\*\*).

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, NAV, and other financial metrics.

LONDON SHARE SERVICE

Table of London Share Service, including sections for British Funds, British Funds - Cont'd, Loans, Foreign Bonds & Rails, and Americans.

Table of Money Market Bank Accounts, listing various bank accounts and their associated financial details.



LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies with columns for High, Low, Stock, Price, Div, and YTD. Includes companies like Ford Motor, Gen. Elec., and IBM.

BUILDING, TIMBER, ROADS - Contd

Table listing companies in the building, timber, and roads sectors with columns for High, Low, Stock, Price, Div, and YTD.

DRAPERY AND STORES - Contd

Table listing companies in the drapery and stores sector with columns for High, Low, Stock, Price, Div, and YTD.

ENGINEERING - Contd

Table listing companies in the engineering sector with columns for High, Low, Stock, Price, Div, and YTD.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies with columns for High, Low, Stock, Price, Div, and YTD.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies with columns for High, Low, Stock, Price, Div, and YTD.

CANADIANS

Table listing Canadian companies with columns for High, Low, Stock, Price, Div, and YTD.

ELECTRICALS

Table listing electrical companies with columns for High, Low, Stock, Price, Div, and YTD.

FOOD, GROCERIES, ETC

Table listing food, groceries, and other companies with columns for High, Low, Stock, Price, Div, and YTD.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies with columns for High, Low, Stock, Price, Div, and YTD.

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INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies with columns for High, Low, Stock, Price, Div, and YTD.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for High, Low, Stock, Price, Div, and YTD.

CHEMICALS, PLASTICS

Table listing chemical and plastics companies with columns for High, Low, Stock, Price, Div, and YTD.

DRAPERY AND STORES

Table listing drapery and stores companies with columns for High, Low, Stock, Price, Div, and YTD.

INDUSTRIALS (Miscel.)

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INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies with columns for High, Low, Stock, Price, Div, and YTD.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies with columns for High, Low, Stock, Price, Div, and YTD.

DRAPERY AND STORES

Table listing drapery and stores companies with columns for High, Low, Stock, Price, Div, and YTD.

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INDUSTRIALS (Miscel.)

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BUILDING, TIMBER, ROADS

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DRAPERY AND STORES

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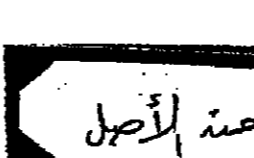
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LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-825-2128

Handwritten note: 100% initial

LEISURE

Table of share prices for Leisure sector including companies like Leisure Inn, Leisure Inn PLC, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising sector including companies like Newsprint, etc.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land sector including companies like Finance, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like Oil, etc.

MINES - Contd

Table of share prices for Mines sector including companies like Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades sector including companies like Motors, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, etc.

TRANSPORT

Table of share prices for Transport sector including companies like Transport, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like Finance, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas, etc.

THIRD MARKET

Table of share prices for Third Market sector including companies like Third Market, etc.

Commercial Vehicles

Table of share prices for Commercial Vehicles sector including companies like Commercial, etc.

COMMENTS

Table of share prices for Comments sector including companies like Comments, etc.

Garages and Distributors

Table of share prices for Garages and Distributors sector including companies like Garages, etc.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, Etc sector including companies like Finance, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, etc.

MINES

Table of share prices for Mines sector including companies like Mines, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers sector including companies like Newspapers, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Shoes, etc.

SOUTH AFRICANS

Table of share prices for South Africans sector including companies like South Africans, etc.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like Oil, etc.

FINANCE

Table of share prices for Finance sector including companies like Finance, etc.

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks sector including companies like Regional, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising sector including companies like Paper, etc.

TEXTILES

Table of share prices for Textiles sector including companies like Textiles, etc.

TRUSTS, FINANCE, LAND

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OIL AND GAS

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FINANCE

Table of share prices for Finance sector including companies like Finance, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options sector including companies like Traditional, etc.

INDUSTRIALS

Table of share prices for Industrials sector including companies like Industrials, etc.

PROPERTY

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THIRD MARKET

Table of share prices for Third Market sector including companies like Third Market, etc.

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# FINANCIAL TIMES

Weekend September 16/September 17 1989

Not just Number 1  
in Plumbing Supply  
**WOLSELEY**

## Lawson rules out early interest cut

By Simon Holberton, Economics Staff

MR NIGEL LAWSON, the Chancellor, yesterday ruled out any early cut in interest rates in spite of a sharp fall in Britain's annual inflation rate to 7.3 per cent in August from 8.3 per cent in July.

He said on Independent Television News that inflation was "empirically on the way down" and that there was "less excuse for exaggerated pay claims" - a reference to the autumn and winter pay negotiations.

The Chancellor said there was no way of getting inflation down further other than by keeping interest rates high, echoing comments by Mrs Margaret Thatcher, the Prime Minister, earlier this week when she described inflation as a cancer.

The latest figures suggest, however, that Mr Lawson's Budget forecast of inflation at 5.5 per cent by year end appears optimistic. The Treasury is believed to think that

inflation will be about 6.5 per cent at the end of the year.

Mr Gordon Brown, the shadow Treasury Minister, said: "For hard-pressed home owners, the very people who have suffered heavily to bring this first cut in inflation, the Chancellor has quite simply not done enough to ensure any substantial cut in mortgage repayments."

The Central Statistical Office said the fall in the annual inflation rate, the biggest since April 1986, was almost entirely due to the August 1988 rise in home loans falling out of the calculation of the retail prices index.

Mr Lawson has described the inclusion of mortgage interest payments in the index as perverse. On his preferred measure of inflation, which excludes the effects of changes in mortgage interest rates, the annual rate was 5.7 per cent last month, after 5.8 per cent in July and a peak rate of 6 per cent in May.

The August figures underline that inflation is still a problem in the economy. In August, the retail prices index rose 0.3 per cent, after a 0.1 per cent rise in July and a 0.3 per cent rise in June. Excluding mortgage interest payments, the index rose by 0.2 per cent in August.

Price rises in August were broadly based, although a 6p-a-gallon cut in the price of petrol helped cushion the effect. The main factors behind August's rise in the index were non-seasonal foods, such as tea, bacon, dairy products and a 1 1/2p-a-pint increase on beer.

City analysts said the fall in annual inflation was in line with financial market expectations. Most had not altered their view that inflation would still be about 7 per cent by the end of the year. Some expect a rise in mortgage interest rates before the end of the year.

Analysts also expressed concern about the upward pressure on wages. For this reason, the Government could not afford to cut interest rates and risk an inflationary fall in the value of the pound.

Mr John Sheppard, economist at Warburg Securities, said: "There is a degree to which we are building in a higher underlying rate of inflation because of increased pay settlements."

Mr Glenn Davies, economist at Credit Lyonnais Securities, said that with wages and import prices rising the only way for the Government to get inflation down was by squeezing company profits. This meant interest rates and the pound needed to remain firm for some time.

The CSO said the retail prices index (1987=100) was 115.5 in August compared with 115.3 in July. The tax and price index (1987=100) was 111.4 last month compared with 111.1 in July.



## Dollar rises on improved US trade indicators

By Our Foreign and Economics Staff

THE DOLLAR rose sharply on foreign exchange markets yesterday after US economic indicators suggested America's trade performance was better than expected but that there was still a need for firm interest rates.

The US merchandise trade deficit fell to \$7.58bn in July, the smallest gap in nearly five years against a downwardly revised \$9.01bn in June.

The July trade figures, combined with a 0.5 per cent rise in August wholesale prices, excluding energy and food, and a healthy 0.3 per cent rise in industrial production figures in August, provided evidence of a robust US economy.

The US currency's strong rise - it ended in Europe more than 3 pence higher at DM2 and 2 yen better at Y148.70 - led to a corrected round of central bank intervention involving 13 European and North American banks.

In New York, the dollar jumped in early morning trading to highs of Y149.00 and DM2.0040. By midsession, the US currency had dipped back a little to Y148.65 and DM2.0000 but remained sharply above its low of Y146.35 and DM1.9715.

The intervention, which was led by the US Federal Reserve, the West German Bundesbank and the Bank of England, failed, however, to diminish the currency market's appetite for the dollar.

Analysts expect the dollar to trade higher, although it might be constrained by speculation in interest rates in West Germany and Japan and continued central bank intervention.

The continued strength of the US currency could pose problems for the Group of Seven leading industrial countries who meet next week in Washington for the annual meeting of the International Monetary Fund. European central bankers have no desire to see the dollar trade above DM2.

Though US exports in July fell slightly to \$30.7bn, a drop of 1.8 per cent, the decline was more than offset by imports which tumbled to \$38.3bn, a fall of 2.5 per cent from the record of last May.

The July figures, compared to June, showed seasonally adjusted falls in imports in capital goods (\$0.6bn), industrial supplies (\$0.3bn) and food and beverages (\$0.1 billion).

Oil imports rose on an unseasonally adjusted basis by \$0.1bn, while automotive vehicle and parts were virtually unchanged. Consumer good imports rose only \$0.2bn.

August's wholesale prices - closely watched because of market fears of a resurgence in inflation - fell 0.4 per cent.

Excluding the volatile energy and food sectors, wholesale prices rose by a 0.5 per cent. So far this year, producer prices are rising at a rate of 4.4 per cent.

Industrial production in August rose by 0.3 per cent, the biggest increase in four months. The operating rate of US factories remained unchanged at a tight 83.5 per cent of capacity.

Currencies, Page 11; World Stock Markets, Page 12

## The Panel plays a straight bat

It is almost as if the Takeover Panel was keeping a circumspect eye on the European Community in drafting yesterday's sensible ruling on Hoylake's bid for BAT. The reasoning behind its conclusion - that Hoylake can lapse its bid, sort out the US insurance regulators and bid again within 12 months - was free of legalese.

It starts and finishes with commonsense: that shareholders must get a fair crack at assessing bids on their merits. By showing this is all you need to reconcile the Takeover Code with foreign regulations, the Panel is telling the EC that flexibility and pragmatism are better than takeover rules.

Yet assuming that Lord Roskill's appeal committee upholds yesterday's ruling, the Panel's role in the BAT saga has only just begun. Significantly, it recognised BAT's duty to safeguard insurance policyholders. This rightly gives BAT considerable leeway to try challenging the fitness of Hoylake, or its partner Axa-Midi, as controller of the Farmers insurance group. But the Panel must watch that BAT continues listening to legal advice against merely obstructing the bid.

The Panel should also remember Sir James Goldsmith's stamina. His US takeover of Diamond International took 29 months. Sir James may not despair if squaring-off the insurance commissioners takes well into 1990; but BAT will complain of being under siege, and the Panel at some point may have to call a halt.

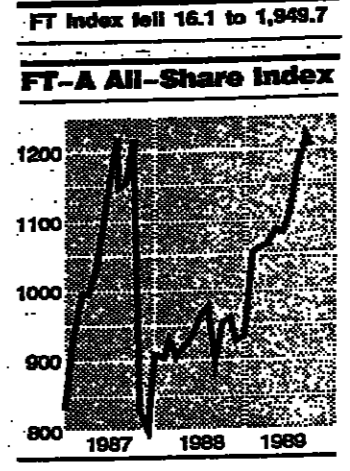
Hoylake's must also now satisfy regulators about Axa-Midi's credentials to own Farmers. This, too, is not so simple. In 1987, the last full-year for which figures are readily available, Farmers' cash-flow after taxes and depreciation was \$322m; even assuming respectable growth since then, there is not much head-room if the bulk of the \$4.5bn paid for Farmers is to be financed from Farmers' own resources.

statement is more than the company, which has more than its fair share of blue-chip advisers, has appointed yet another firm of accountants to review its problems.

The longer Ferranti's shares are suspended the greater the suspicion that its advisers, plus the Ministry of Defence, are trying to stitch up a friendly takeover. However, to keep the shares of a major company suspended for more than 48 hours is highly unusual, and unless the company is technically insolvent, the International Stock Exchange should force it to resume trading in its shares immediately, even though this may risk the creation of a false market. Ferranti has had enough time to explain its case.

Markets  
This week's correction in UK equity prices should have come as no surprise, given the slash in the way that London has been following New York ever since the 1987 stock market crash. The Dow Jones Industrial average had broken its nine-week long rise - its longest winning streak since 1987 - the previous week. And given that the FT-SE 100 had risen for 11 weeks in a row, this week's 2.4 per cent fall is a very minor correction.

Admittedly, there have been some UK institutions, like Legal & General, which have been echoing the sentiments of Wall Street investment gurus, such as Morgan Stanley's Bolton Biggs, and counsel clients to take some profits and move into cash. However, even though this week's correction could have further to go, there is little evidence yet that it is anything more than that. The lack of retail buying interest, the continued emphasis on



## Ashdown hints at SLD deal with Labour

By Michael Cassell, Political Correspondent

MR PADDY ASHDOWN, the leader of the Social and Liberal Democrats, yesterday stamped an "anti-Thatcher" label on his party and held out the possibility of a post-election deal with Labour, which he said could not win power on its own.

In a passionate end-of-conference speech to Democrats in Brighton, Mr Ashdown attempted to define a new identity for his party, which has suffered low morale and poor opinion poll ratings since it was created last year by the merger between the Liberal and Social Democratic parties.

The party leader said the Democrats did not intend to occupy "a comfortable midpoint between the extremes of right and left."

The conference ended with the party showing a slight improvement in the opinion polls, the latest survey indicating the support of about 7 per cent of the electorate.

Democrat MPs were predicting that the figure could rise to 10 per cent or more in coming weeks as a result of the conference's success in presenting a public display of unity.

The Labour party's shift to the centre has pushed its opinion poll standing up to 46 per cent, 10 points ahead of the Conservatives. Dr David Owen's SDP retains the capacity to deny the Democrats by-election victories.

Mr Ashdown said the party was not centrist and would be a radical force dedicated initially to ending Thatcherism and then to destroying a corrupt system of government which both the Tories and Labour support.

Mr Ashdown, who repeated his case for a "citizen's democracy" in which power was returned to the individual, launched a scathing attack on Mrs Thatcher. He said the ideas of the New Right were exhausted, leaving behind them "a bitter legacy of greed, selfishness and division."

He said the Tories had pledged themselves to controlling inflation and to regenerating the economy but, after 10 years and in the run-up to 1992, Britain was living on the knife-edge of recession and on borrowed time. The latest proposal for a free market for currencies within Europe belonged to the "higher realms of lunacy."

Mr Ashdown acknowledged that Labour had abandoned some of its most untenable policies but accused the leader, Mr Neil Kinnock, of "splitting the difference between the latest trends and the Labour policies of the 1970s."

He said Labour could not succeed on its own as long as it refused to listen to calls for electoral reform, which were mounting within its ranks. Mr Ashdown challenged the Labour leader to allow the issue to be debated at the party's Brighton conference in two weeks.

Healing the wounds, Page 4

Healing the wounds, Page 4

## Engineers' unions announce strike targets

By Charles Leadbeater, Labour Editor

ENGINEERING union leaders yesterday announced plans for strike ballots at four leading companies in their campaign for a 36-hour working week.

The Confederation of Shipbuilding and Engineering Unions said strike ballots would be held at British Aerospace, Rolls-Royce, Smiths Industries and NEL.

The dispute, developing since the spring, could be one of the most significant in British industry in recent years. The last substantial reduction in manufacturing manual workers' hours followed a lengthy strike in 1978.

The ballots, preceded by a wave of strikes this summer in the public sector, signal a mood of renewed confidence among British unions.

It has been rare for unions in the 1980s to attempt a campaign of industrial action over a non-pay issue such as working hours. However, the ballots will also influence pay negotiations covering more than 41,000 manual workers at Ford and Vauxhall Motors, the car manufacturers.

The dispute follows the breakdown of talks earlier this year between the CSEU and the Engineering Employers

Federation over a national agreement covering 5,000 companies on pay, hours and changes to working practices.

The four companies were chosen from 12 potential targets following mass meetings and shop stewards' conferences in recent weeks.

Partly for legal reasons, it is likely the unions will only ballot one central site at each company. Likely targets include the Rolls-Royce plant at Hillington in Glasgow, British Aerospace's main plant in Bristol and the NEL-Parsons plant at Heaton, Newcastle.

The unions believe that strong order books, skill shortages and looming recruitment difficulties will persuade companies to concede a phased reduction from 39-hours for manual workers and between 37 and 37.5 hours for white collar staff.

Under the unions' plan, agreements at the four companies would then lead to a cascade of deals in the sector.

Mr Peter Brighton, EEF director general, warned the unions were taking a very serious step. "It is outrageous that they should seek to damage these companies and gamble with their members' jobs."

**CHIEF PRICE CHANGES YESTERDAY**

FRANKFURT (Dm)		
Rises		
Lufthansa	221	+ 6
Mannesman	275	+ 3.5
Thyssen	237	+ 3
Falls		
Nixdorf	356	- 10
Schering	790	- 29
Volkswagen	471.1	- 11.9
NEW YORK (\$)		
Rises		
MGM/UA	22 1/2	+ 1 1/2
UAL	280 3/4	+ 1 1/4
Falls		
AMR	76 1/2	- 3/4

New York prices at 12.30. Tokyo closed.

**LONDON (Pence)**

Rises		
BAT Inds	819	+ 18
BPF	255	+ 15
Bowater	514	+ 11
Cadbury Sch	389	+ 10
Maxwell Comm	233	+ 8
Mountleigh	169 1/2	+ 4 1/2
Ratners	285	+ 7
Utd Biscuits	393	+ 6
Falls		
Brit Aerospace	648	- 15
Caradon	447	- 17

**WORLDWIDE WEATHER**

City	Yday	Today	Yday	Today	Yday	Today
Algeria	6	7	Dallas	6	7	7
Amman	15	16	Dublin	10	11	11
Amsterdam	18	19	Edinburgh	11	12	12
Athens	26	27	Faro	13	14	14
Bahrain	28	29	Frankfurt	18	19	19
Bangkok	28	29	Geneva	18	19	19
Beirut	19	20	Glasgow	15	16	16
Berlin	13	14	Hamburg	11	12	12
Bombay	28	29	Helsinki	11	12	12
Buenos Aires	18	19	London	14	15	15
Calcutta	28	29	Lyons	14	15	15
Cairo	28	29	Madrid	14	15	15
Caracas	28	29	Mexico	14	15	15
Chicago	18	19	Moscow	14	15	15
Copenhagen	18	19	New York	14	15	15
Colombo	28	29	Osaka	14	15	15
Dakar	28	29	Paris	14	15	15
Dhaka	28	29	Rome	14	15	15
Dublin	10	11	Sao Paulo	14	15	15
Edinburgh	11	12	Seoul	14	15	15
Faro	13	14	Singapore	28	29	29
Frankfurt	18	19	Stockholm	14	15	15
Geneva	18	19	Taipei	14	15	15
Glasgow	15	16	Tokyo	14	15	15
Hamburg	11	12	Toronto	14	15	15
Helsinki	11	12	Washington	14	15	15
London	14	15	Wellington	14	15	15
Lyons	14	15	Yokohama	14	15	15
Madrid	14	15				
Mexico	14	15				
Moscow	14	15				
New York	14	15				
Osaka	14	15				
Paris	14	15				
Rome	14	15				
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Seoul	14	15				
Singapore	28	29				
Stockholm	14	15				
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Tokyo	14	15				
Toronto	14	15				
Washington	14	15				
Wellington	14	15				
Yokohama	14	15				

## Murdoch

Continued from Page 1

acquisition "have been terminated."

Tracinda, controlled by Mr Kerkorian, would sell all its common and preferred MGM/UA stock at \$25 and \$18 respectively. As part of the deal Quintex says it will promptly deliver to MGM/UA an irrevocable letter of credit for \$50m.

Mr Murdoch is still attracted to the MGM/UA library - the US rights to the old James Bond films comes up soon and they would play very nicely on his Fox Television network.

However, Mr Murdoch has no intention of making a higher offer. He regards the \$1.4bn offer as "the outer limit."

If the Skase deal started to crumble the next Murdoch offer for MGM/UA could even be lower.

Securities issued by the subsidiaries of News Corporation are being reviewed for possible downgrade by Moody's Investors Service, writes Katharine Campbell. The review of approximately \$1.8bn of long-term debt securities is occasioned by the bid for MGM/UA Communications.

Moody's said it would be examining the additional gearing that would result from funding the acquisition, plans for the target company's existing \$400m senior subordinated debt, and strategic plans for MGM/UA.

Rating under review include Ba2 on senior debt, Ba3 on subordinated debt, and ba3 on preferred stock.

## Ferranti

Continued from Page 1

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In the next two months, these acquisitions fall through and Mr Guerin's shares have since been sold. Ferranti refused to comment on the terms of this share sale.

BIRSE GROUP, construction and plant hire concern, is coming to the main market via a \$19m offer for sale which values the company at £76.5m.

Labour's regions plan

A Labour Government would create regional assemblies and regional investment banks to prevent the UK becoming a depressed economic region on the edge of Europe, said shadow trade and industry secretary Bryan Gould.

Page 4

## Gorbachev

Continued from Page 1

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It appears that Mr Gorbachev was adamant that the Soviet Communist Party cannot be split into regional branches. According to Mr Brazauskas, however, the two sides agreed to differ on the issue and to shelve it until the 28th Party Congress, which is likely to take place in the latter part of next year.

The Baltic leaders also impressed on Mr Gorbachev - who was flanked by Mr Vadim Medvedev, the Party's ideology chief and Mr Georgy Razumovsky, a Central Committee secretary - that demands for greater autonomy, even inde-

pendence, were now so strong in their republics that a new constitution would not satisfy republican demands unless it offered a wide latitude for independent action.

Soviet officials believe that Mr Gorbachev may be able to convince the Central Committee next Tuesday to ratify a loosely worded statement on the nationalities issue which has already been published in the Soviet press, and which would be fleshed out by private assurances and agreements.

There is no guarantee, however, that a majority of the Central Committee will agree

## Murdoch

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# Weekend FT

SECTION II

Weekend September 16/September 17, 1989

**T**HE SPECTACLE of aggressive, antipodean entrepreneurs roaming the world on borrowed money has been one of the more intriguing curiosities of the 1980s. At their peak, the likes of John Elliott, Robert Holmes & Court, Sir Ron Brinkley and Alan Bond spread fear into the boardrooms of some of the world's most worthy industrial giants. Even after the Crash of '87, some of these entrepreneurial volcanoes are far from extinct. Yet their noisy and well-documented predatory activity has attracted attention from their wider economic significance.

More's the pity. For the brass march of Australian and New Zealand entrepreneurs across the world stage tells us as much about the workings of the global economy in the present decade as any dry report from the Organisation of Economic Co-operation and Development will ever do.

They come from countries where all the more extreme problems of the 1980s - collapsing commodity prices, excessive rigidity in labour markets, balance of payments deficits and soaring external debt - have been contained in near-laboratory conditions with the most fashionable economic nostrums of the decade.

The moral, as we shall see, is that the great buzz-word of contemporary economic policy - deregulation - is far from the simple panacea that many seem to think. And when it is applied to a Third World economy with a First World financial system and a strong entrepreneurial tradition - Australia - it is a recipe for some very quirky happenings. What it will do for the prospects of Labor premier Bob Hawke in the forthcoming Australian general election is an open question. There is little doubt, however, that the recent downfall of New Zealand's former prime minister, David Lange, had much to do with his government's radical venture into liberal economics.

The starting point of the Australian experiment is the natural predicament of a country that derives nearly 80 per cent of its export revenues from agricultural products and minerals. A resource-rich country, too, where longstanding protection has undermined the competitiveness of manufacturing. Faced with a collapse in the price of the country's main commodity exports and a run on the currency in the first half of the 1980s, the incoming Labor government's distinctively Australian response was to renege on Reaganomics in a corporatist vein.

Devaluation and the floating of the Australian dollar were combined with a Swedish-style income policy, whereby the unions accepted lower real wages in exchange for tax cuts and social benefits. The outcome was an increased profit share in gross national product, as the rate of job creation rose to US-style levels. In the meantime, Keynes, meantime, opened up the banking system to foreign competition asking: "What have the banks ever done for us?"

At state level, labour politicians in Western Australia took Japanese-style corporatism into new territory with a philosophy of govern-

mental entrepreneurship. Why not, ran the argument, deploy the state government's cash flow in partnership with business until the income rises to replace taxation? This remarkable phenomenon was quickly dubbed W.A.Inc. Victoria followed suit.

On the face of it, any policy designed to liberalise the workings of the Australian financial system and give business more room for manoeuvre might have been expected to work well in a country with a strong tradition of entrepreneurship. It is a tradition that goes back to the early days of European settlement and the Rum Corps - the New South Wales Corps which established a profitable monopoly of imports starting with a cargo that included 7,500 gallons of rum.

This flinty, anti-establishment strain in the culture may explain the tendency of Australian entrepreneurs to test the system to its limits. John Elliott exploiting the chinks in the British takeover code in his raid on Scottish & Newcastle; Rupert Murdoch exploring the boundaries of taste and decency with his *Sun* and *News of the World* newspapers; Kerry Packer putting one in the eye of the Australian cricket establishment by turning cricketers into highly paid entertainers; and virtually all of them taking their auditors to the extreme of what company law and accounting standards permit.

Yet in Labor's new economic environment the entrepreneurs did not test for Australia in quite the way orthodox economists expected. When exchange controls were lifted in 1984, the general assumption was that capital imports would be used to increase investment and enhance the capacity of the tradable goods sector to service the rising foreign debt. In practice much of the inflow went into consumption, and the entrepreneurs were far too busy playing the new game of financial deregulation to spare much thought for Australia's export capability.

One paradox to arise from the removal of exchange controls in a decade of high real interest rates is that money is not necessarily scarce when it is expensive. In a world of free capital flows, countries that run deficits on the balance of payments and businesses who borrow heavily in international markets actually create opportunities for investors to earn above-average returns. In the roaring bull market climate before October 1987, Australian entrepreneurs were happy to borrow from these investors at high rates - unlike their counterparts in countries like West Germany and Italy, with illiquid stock markets and few takeovers, they could hope to make good any shortfall of income against borrowing costs by selling shares or companies at a profit.

The system of corporation tax made it cheaper to buy a company that owned plant and machinery than to buy plant and machinery directly. Interest payments were also fully allowable against taxable profits. All this fuelled a takeover boom in a country where, by common consent, the law of the jungle governed bids and deals - and when the predators ran out of targets on the Australian Stock Exchange,



## Taking stock down under

John Plender on the debt legacy Australia has been left by the spending spree of its entrepreneurs in the 1980s

they looked for larger and happier hunting grounds.

A revealing part of the story is how deregulation introduced a multiplier into the process - it allowed 18 foreign banks to enter a market dominated by four big domestic trading banks. The number of merchant banks also rocketed from about 40 to more than 100.

For this gaggle of bankers working in a newly competitive climate, the frenetic Aussie entrepreneurs were a godsend. They had the answer to two key questions affecting the bankers' livelihood - how to find outlets for all the liquidity swelling around the global system, and how to generate fee income to make up for the declining profitability of their basic lending business.

One by-product of this marriage of convenience was that the Australian dollar started to play a role out of all proportion to the importance of the domestic economy. Another was the extraordinary trail of bids, deals and share stakes that the entrepreneurs left behind them as they careered through the corporate corridors of the world: Texaco, Fox Broadcasting, G. Heileman Brewing, New York's St Moritz Hotel in the US; Allied Lyons, Standard Chartered, Courage and the M & G unit trust group in Britain; telephone companies in Chile; oil exploration in the Republic of China; property everywhere - the list is endless.

So was the amount of junk paper the bids and deals left behind - and there lies part of the macro-economic problem that no-one foresaw. The Federal Government has, in effect, privatised the financing of the current account deficit of its balance of payments. The greater part of Australia's net external debt, which has grown to more than \$1,000bn (\$47.5bn) or more than 30 per cent of GDP, is owed by the private sector. Since much of the debt has financed the entrepreneurs' buying spree in world markets - instead of expanding domestic production - Australia is in a very curious financial position. It depends on the entrepreneurs putting their gambling chips on winners in the global casino to repay its external debt.

The position is made more extraordinary by an unexpectedly large recent jump in the current account deficit to between 4% and 5 per cent of GDP - this bears a

remarkable resemblance to US and British experience. Not is it any coincidence that the three largest Anglo-Saxon economies have all just deregulated their financial systems.

In each case, private individuals have reorganised their assets and liabilities to exploit their new freedom to borrow and invest. As they did so, personal sector borrowings rose, as did the value of assets in property and share markets, against a background of loose monetary policy. That produced increased consumption and declining savings ratios, with excess demand met by excess supply in other countries. However, the cost has been a deteriorating balance of payments.

Some in Australia argue that since it is a private sector problem, it scarcely matters - an argument that has a familiar ring to people in Britain. As Don Stammer, chief economist of Sydney investment bankers Bain, puts it, however, Australia is like a highly geared company - vulnerable to shocks.

Small wonder that the rating agency Moody's has downgraded Australia's credit rating. Or that monetary policy has been hijacked by the requirements of the external account, to ensure adequate capital inflows. Yet the Federal Government, as net international creditor, has little control over the country's credit standing. It is a hostage to the fortunes of the entrepreneurs. For if a big corporate bankruptcy unsettles the markets, interest rates will rise a notch and increase Australia's high debt service obligation.

At the micro level, the result of financial deregulation has been what Iain Thompson, Westpac's general manager of corporate banking, calls "a hell of a lot of cowboy banking," in which a front-end fee and glory at the bar has played a more important role than the client's interest. The result is some curious balance sheet structures.

The *locus classicus* here is Bond Corporation Holdings, whose balance sheet has all the improvisational quality of early gothic. Not for nothing is Alan Bond's name a synonym for a quoted IOU. And as the masons of the global banking system poured largely unsecured money into separate parts of Bond's group, they failed to consider the wider balance sheet structure. So when the last accounts emerged, they revealed huge borrowings and a negative net worth. If intangible assets were excluded.

The next balance sheet is a source of mighty speculation as Bond dismembers his tottering empire - including this week his stake in Loure - to stay a jump ahead of the bankers. And a change in the tax system has reduced much of the anomaly whereby plant and machinery cost less through takeovers than direct investment. That and ever-rising interest rates makes the going tougher for raiders and traders. According to John Poynton, chairman of the Australian Stock Exchange in Perth, there is also a more general backlash against the entrepreneurs, because lax business ethics have hurt credibility. No longer are entrepreneurs admired like Australia's cricketing heroes.

The politicians, too, are suffering

from a hangover after the party, and the trouble is not confined to the balance of payments. The new wage accord with the unions, while a macro success, has been a micro misfortune. William Shields, chief economist of Macquarie Bank, points out that wage relativities have been depressed and the incentive to acquire new skills reduced.

The experiment with state corporatism, meantime, foundered on sheer incompetence. According to Les McCarey, a former head of the Western Australian Treasury who fell out of favour with the leading lights of W.A.Inc, the idea of government as trustee was sacrificed in the attempt to create government as entrepreneur. Politicians with no financial experience were influenced by outsiders, whose advice was coloured by private interest.

That is not to say that the great decade of Australian entrepreneurialism was a failure. The float and subsequent collapse of the Australian dollar, says Bain's Mr Stammer, persuaded everyone that God was not an Australian. The ferocious attentions of Robert Holmes & Court ultimately helped turn the country's biggest company, BHP, into one of its most efficient. The demonstration effect across the corporate sector was considerable, and Australia may yet provide the most extreme testing ground for the economic conundrums and nostrums of the 1990s - not least in relation to payments imbalances, mounting budget surpluses and the environment.

According to Peter Jonson, deputy managing director of James Capel Australia, "the great question for Australia or any small deficit country is whether to take the painful steps needed to restore sovereignty; the alternative is eventual absorption and integration into the creditor countries."

That is the dispassionate economist's way of saying that the age-old threat from the North has become economic, not military. Australians must decide how much of their country they are prepared to sell to the Japanese to finance the deficit, before they become a satellite in the new Japanese co-consumption zone.

Or could it be, as the American economist David Hale has argued, that Australia may now turn its comparative advantage in sport and leisure into a tradable service capable of reversing the balance of payments from the treasury of the commodity cycle? The implication might be that while others sweat to compete with Japanese levels of productivity, hedonistic Australians will be teaching the workaholic Japanese how to relax.

But if this calls for more hotels and leisure complexes on Queensland's Gold Coast, how will the environmentalists be pacified? For it seems that there is nowhere in this vast and empty country which is not sacred ground either for Aborigines or so-called greenies.

This will create a more pedestrian environment for entrepreneurs, perhaps, but a fascinating laboratory in which the conflict between First World aspirations and Third World commodity-based economics allows the rest of us to study a riveting version of one of the great potential battles of the 1990s.

## The Long View

### When the arithmetic does not add up

**YOU CAN'T** describe a complex idea in one number. But financial product marketing being what it is, the impossible is regularly attempted.

You can best draw in the punters when your ads feature one big fat bold percentage number - a high one when you are seeking investors, a low one when you are selling loans. Even if there is some accompanying small print, it is unlikely to be read very carefully, still less understood. Hence the current vogue over the Jersey-based high-yield gilt funds. In the future, we can expect blood to be similarly split over foreign currency mortgages.

Simple arithmetic can cause quite a lot of the confusion. Interest rates are not always quite what they seem. Take a building society account where the rate is quoted at 9.0 per cent, and a clearing bank high-interest account offering 8.5 per cent. The building society seems to be the clear winner. But take a closer look. You may well find that the society's interest is only paid annually, while the bank account is credited quarterly. Compounding therefore comes into play and the effective annual rate on the bank balance is 9.3 per cent.

As for borrowing rates, some years ago the Government was forced to step in and impose a standard formula for the annual percentage rate (APR) on consumer credit, where lenders were inclined to quote



**Barry Riley**

Investors and borrowers alike can get into an expensive muddle if they cannot distinguish between income and capital

an appreciation of their capital in real terms as well. Professional investors tend to look at total rates of return rather than capital gains and income separately.

In practice, the tax man has played a big part in determining attitudes. Traditionally incomes were taxed (especially

investment incomes, which were regarded as fair game for surcharges) but capital gains were not. For most of the post-war era in Britain, wealthy individuals have searched for ways of turning income into capital.

Now we have a capital gains tax which is, on the face of it, payable at the same rate as income tax. But the tax-free band for capital gains is significantly larger than the personal income tax allowances. Moreover, whereas capital gains are quite properly taxed on an inflation-adjusted basis, the full nominal amount of investment income is chargeable.

Building society investors have lost 7% per cent of their investment over the past year in real terms, and have received a real pre-tax income, on a grossed-up basis, of about 3% per cent. However, they have been taxed on the full underlying nominal income of 11 per cent. The post-tax real return on a typical building society account, during a period of supposedly high interest rates, has been about 1 per cent (and all, or worse, for a 40 per cent taxpayer).

The people who really ought to be complaining are the investors yet, perversely, all we hear about is the supposed plight of the borrowers. For an explanation we must go back to definitions.

The investors are turning real capital into nominal income, which for the short-sighted is a comfortable form of rake's progress while it lasts. The borrowers on mortgage, for their part, are converting income into real capital, by way of a reduction in their debt in real terms. They are better off every month if only they realised it - the little sum being that the real capital is invested in bricks and mortar, which have a slightly shaky value at present.

It would be quite appropriate for such borrowers to seek to pay only a real interest rate but see their real debt maintained. This is what a foreign currency mortgage denominated in a low inflation currency achieves, in a rough-and-ready way. The lenders are playing with fire, however, if they peddle such deals to unsophisticated house buyers who only have eyes for a big black number like 7% per cent.

For investors in the MIM Britannia Jersey Gilt Fund it has been figures such as 12 and 13 per cent which have provided temptation. Such yields made even the returns offered by Barlow Clowes look modest. Of course, the MIM Britannia fund has been honestly run and the risks have been spelt out in its prospectus, but the fund's promoters now have to face the consequences of their imprudent faith in the average investor's ability to comprehend what is income and what is capital.

Running yields are all very well, but eventually they have to take a breather.

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MARKETS

LONDON

# It looks like the City summer party is over

FINANCE & THE FAMILY: THIS WEEK

## Water boards angle for small investors

Details of the incentives to buy shares in the "ten water and sewage businesses of England and Wales" have just been posted to more than 20m potential investors. Andrew Hill considers the plus and minus factors of the Government's latest privatisation plan. Page III

## Building groups in the spotlight

Analysts will be watching closely as five large construction and building companies report their half-year figures this week. Results are also due from Glaxo Holdings, Laporte Industries, Dalgety and APV, among others. Page IV

## Play your cards right

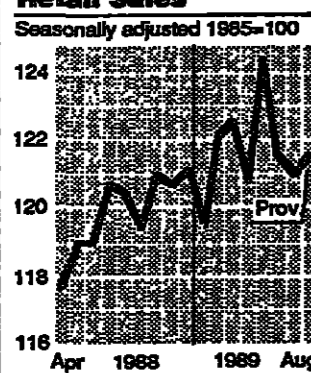
David Barchard examines the advantages of carrying "plastic money" in the form of credit cards while you are on holiday. Page VI

## Minding your own business

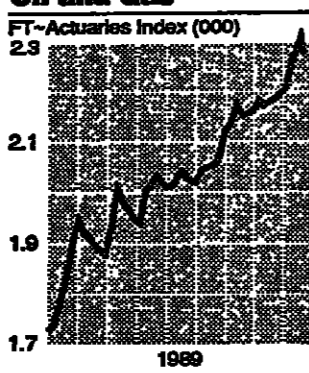
Roy Hodson meets one of Britain's leading receivers and finds out how small businesses can promote themselves by developing their public relations skills. Page VII

## BRIEFCASE: Real value of a pension: Page VI

### Retail Sales



### Oil and Gas



## Retail sales in the doldrums

Retail sales in Britain remained firmly in the doldrums during August, according to the latest official figures from the Central Statistical Office. Its provisional estimates of retail sales volume, seasonally adjusted, showed only a 0.4 per cent rise in August compared with July and an 0.9 per cent increase over August 1988.

Retail sales in three months to the end of August were 1 per cent lower than the previous year, hit by exceptionally warm weather and the high interest rates. Sales of household goods were particularly depressed, reflecting the stagnation in the housing market. *John Edwards*

## Busy week for oil shares

A week bursting with news from the oil and gas area of the market saw shares in the oil companies drift easier during the early part of the week and then race ahead on mainly American buying before dipping off as the account drew to a close. The biggest news of the week came with BP's worldwide reorganisation of its exploration and production business, which involved 1,700 job losses, including 970 in Scotland, and the sale of \$1.31bn worth of assets to Oryx Energy, a US independent oil group. There is also talk that BP may move to acquire big US gas interests, possibly via a swap deal. Shell/Royal Dutch announced slightly disappointing interim dividends, the Shell payment of 7.7p comparing with estimates that had gone as high as 8p. Earlier LASMO's interim figures were given a good reception. *Stephen Thompson*

## Stock market warning

Legal & General, the insurance group, said this week that it was anticipating a possible 10 per cent drop in the London stock market. It has been busy selling UK shares, going liquid by 7 to 10 per cent in most funds and amassing a \$600m cash "mountain" in the process.

Mike Payne, director of investment strategy, writing in the group's monthly bulletin called *Fundamentals*, said that the corporate sector was in financial deficit for the first time in 10 years and pressures for interest rates to stay up meant that defensive action was needed. Earlier this week the Prime Minister, Margaret Thatcher, warned that in spite of the fall in the inflation rate during August, interest rates would not come down until the battle against the "cancer of inflation" had been won. *JE*

## Free booklets for investors

Two new booklets about how to invest in the London stock market have been issued by the International Stock Exchange. The second edition of the *Private Investors' Directory* has been revised to give details of services provided by individual stockbroking firms, while the other booklet, *Buying and Selling Shares: How to begin*, outlines the steps involved in stock market dealings. They are both available free from the Retail Marketing Unit, Stock Exchange, London EC2N 1HP. *JE*

## Correction

The promoters of the South Sea Europe Business Expansion Scheme, mentioned in the Weekend FT last week, point out that the company buys small dry bulk cargo vessels, not tankers which are a different market. The company has already raised the minimum subscription of £1.8m. required.

STAGGING share issues on the stock market has been so long out of fashion that many new investors do not even know the meaning of the term. However, some in the City believe that the upcoming UK offer for sale for Euro Disneyland could revive the sport. It is expected to be worth, at yesterday's exchange rates, between about \$22m and \$27m.

This company presents an opportunity to invest, along with The Walt Disney Company which will retain its 49 per cent stake, in the construction and operation of a new Disney theme park outside Paris, due to open in 1992.

Half of the remaining shares are to be sold in France, with the rest distributed throughout the European Community. About 25 per cent of this portion is destined for the UK, and this will be roughly evenly split between an institutional placing and a public offer of sterling-denominated depositary receipts.

Institutions in the UK and on the Continent are expected to fall over each other to get hold of this novel and path-breaking form of leisure investment, and should be very happy to take shares off the hands of private holders. The public response too is likely to be good.

From Monday, UK television viewers will be entertained with an advert bearing the message: "Just imagine all those wonderful worlds of Disney with all your favourite Disney characters here on your



Mickey and Minnie Mouse: bringing the Disney touch to Paris

THE SUMMER party had drawn to a close as traders on the London equities market cleared their desks yesterday and packed up for the weekend. The lights dimmed faster than money had expected.

The mood of caution that had been present during the first four days of business was transformed into a round of nervous selling yesterday afternoon on thin turnover. This left the FT-SE 100 index at 2368.5, down 15.5 points on the day and 57.4 lower on the week.

The only sign of resilience during what was expected to be a testing week came on Wednesday, when the index managed a meagre advance. However, from that point the market appeared to want to hear bad news, leaving the way clear for a reaction to four months of firmly rising prices.

Wall Street grew increasingly influential over the course of trading as the week progressed and nervousness in New York about the state of the junk bond market contributed to Friday afternoon's downturn.

Legal & General, the UK's second biggest life assurance group, did nothing to cheer things up. Its investment management arm said it had reduced its investment in equities, and forecast a 10 per cent fall in the market in the near future.

The idea that a group of this importance wanted to go increasingly liquid to take advantage of the interest rates led others to reassess their strategies at a time when short-term confidence was already fading.

This was followed yesterday by the announcement of UK inflation figures for August. They signalled a downturn, but they were broadly in line with forecasts and provided no new insights about the rest of the year. However, there was further concern during the week about the size of wage

settlements and the impact that these could have on inflation figures into 1990.

The 8.5 per cent settlement with 1m local government manual workers was another example of a worrying trend and details of preliminary discussions with workers at Vauxhall and Ford appeared to suggest that settlements of up to 30 per cent were possible.

Company results have been shooting out in great numbers, and some have exceeded the forecasts of leading City analysts, both in terms of profits growth and dividends paid. But some carried fresh warnings about consumer spending as a result of the present high interest rates.

The housebuilding sector, which has long been singled out as one of the first and heaviest casualties of the government's policy on interest rates, showed further signs of being under pressure. Further indications of the industry's problems will be

provided by results from several other housebuilders next week.

A 13.7 per cent pre-tax profit fall at John Laing to \$21.3m was a clear sign of the impact of higher rates. The results show the effect on spending trends in south east England, where Laing has concentrated much of its activity and where spending has grown at a rapid rate during recent years.

The entire house building sector is under pressure and analysts expect this to continue well into the next year even if the Government is able to ease interest rates.

The difficulties that solid, long-established housebuilders are having also suggested that smaller highly geared property groups could face an increasingly hostile environment in coming months unless relief is forthcoming.

Figures from John Lewis Partnership, one of the country's most efficient retailing chains, told a similar story.

Like Laing, the retailer has a large proportion of its business in the affluent south east yet, in a sharp reverse of the trend in recent years, the partnership suffered a 27 per cent fall in pre-tax profits.

BTR, the UK international conglomerate, issued one of the strongest set of figures, boosting pre-tax profits by 89 per cent to \$513m.

restructurings which have now swept from Wall Street back and forth across the Atlantic. Even the junk bond market itself will probably enjoy a resurgence as Campane resolves its problems, for better or worse.

What the shakeout will do is make it much harder to finance speculative deals at unrealistically ambitious prices. For a while at least, this will mean lower premiums in future takeovers and more chances of success for corporate managers trying to defend themselves against asset strippers and financial raiders. That will probably imply further setbacks for many of the overvalued sectors that have led the market's advance in the past nine months. However, the junk bond problems have few, if any, implications for the kind of sound industrial stocks which have begun to enjoy a revival on Wall Street as fears have receded of an economic slump.

At some point the re-evaluation of the industrial stocks will probably generate its own excesses. And ultimately, a recession will take the market by surprise. Investors with a reasonably strong nerve, however, could be buying opportunity in the sudden outbreak of fear on Wall Street.

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providing a positive development for the US equity market, not only because it might encourage a more monetary policy for a market in which trading has been dominated for more than three years by takeover rumours, fantastical calculations about "private market" asset values and self-serving projections of cash-flows and fairness opinions from fee-hungry investment banks.

The problems in the junk bond market will not cut the waves of takeovers and

restructurings which have now swept from Wall Street back and forth across the Atlantic. Even the junk bond market itself will probably enjoy a resurgence as Campane resolves its problems, for better or worse.

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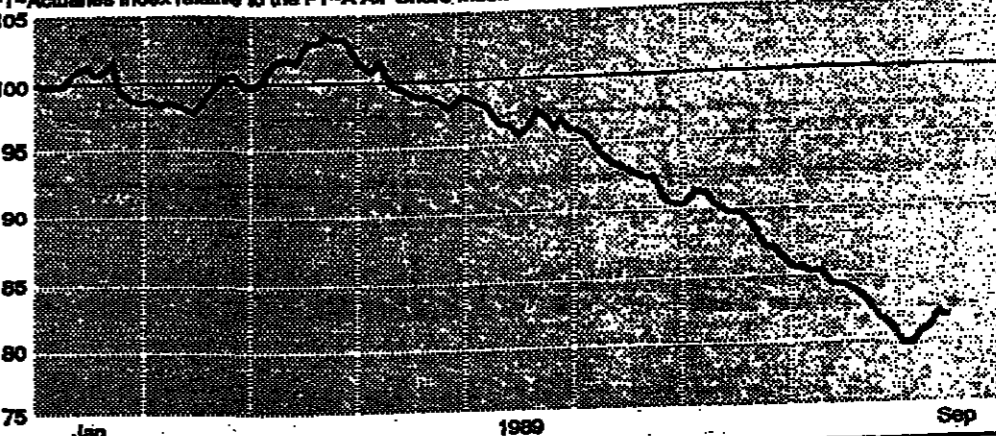
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## Contracting, Construction

FT-Actuaries Index relative to the FT-A All-Share Index



## Demonstrating market satisfaction

the shares firm 15p rise to 47p on the day of the announcement, adding to the strength the shares have shown since Kohlberg Kravis Roberts, the US leveraged buy-out specialist, indicated its intention to buy a 15 per cent stake in the company.

British Aerospace failed to impress the market with its 49 per cent increase in interim profits, as traders expressed concern about the larger than expected decline in profits from weapons and defence electronics by marking the shares down 65p to 657p.

This reaction came two days after Ferranti International Signal, the defence electronics group, requested the suspension of its shares while a review of its profits was made. For the rest of the week rumours swirled around the company while the shares remained suspended at 73 1/2p compared with a high of 113 1/2p for the year.

At least the market could take heart from the fact that the results season so far has not been accompanied by large rights issues.

Concern that profits news might be accompanied by rights issues has been present for several weeks. A situation that companies contemplating an approach to shareholders might do it sooner rather than later, particularly as the government's water

privatisation programme approaches lift off.

The Takeover Panel's decision to give Hoylake an effective extension to its £13.5bn takeover offer for BAT Industries was viewed as a positive move for the market.

By allowing the bid to continue, the Panel also kept interest alive in a range of other takeover stories. The marked decline in the pace of the rumour mill last week, as the Panel was listening to both sides, was telling evidence of the influence that the Hoylake saga would have in maintaining the momentum for large-scale takeovers.

It was a good week for Lonrho, the UK-based conglomerate. Alan Bond, the Australian businessman, was at last seen off - carrying with him a loss of at least \$50m after selling his 20.4 per cent stake in the market. Through the sale, Lonrho's chief executive, Tony Rowland, achieved his twin ambition of removing Bond from the share register while at the same time seeing his big block of shares broken up and placed with institutions.

However, Mr Rowland can scarcely be all that thrilled with his share price at 290p. He is on record as saying Lonrho has a potential break-up value of 800p.

Ray Bashford

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## ANYONE WHO believes that you can judge a company by the directors it keeps will be intrigued by Pavion International.

The scale of the trouble which has beset this controversial cosmetics manufacturer, which has just applied for an administration order, is almost matched by the fame of its former directors.

At various stages over the past four years its board has included Tom Whyte, a Bermuda-based financier who was the former boss of the crashed Triumph Investment Trust; John Briggs, a well-known company doctor who is facing charges of insider dealing; and Professor Roland Smith, chairman of British Aerospace.

Also, and perhaps most pertinently, it has included Stan Allen, a US entrepreneur who sold his US company, which manufactured West's wild cosmetics, to Pavion (then called Sangera) in 1985. This shaped the subsequent disastrous performance of Pavion, since it allowed Acker to draw a massive salary and bonuses (worth £1m in 1988) even while the value of the business was taking a beating from exchange rate movements, which resulted in a pre-tax loss of more than \$5m in 1988.

Not surprisingly this news had a very bad effect on Pavion's share price, which lost nearly three-quarters of its value last year. For shareholders though, this was a familiar story: the habitually poor performance of the shares dates back well to the days of the old Sangera photographic business.

So although the involvement of highly regarded turnaround specialists such as Roland Smith may now seem incongruous, at the time it seemed that the cosmetics acquisition could save the day for the company. It was a highly cash-generative business that was expected to supply the funds for further expansion.

Indeed, there is a school of thought which believes that the cosmetics division - which made an operating profit of £1.9m last year - is fundamentally a most attractive business. The argument goes that it - and it's a big if - it was possible to take a more resilient line with the US subsidiary, Pavion International could still be viable.

This is a position taken by Andrew Greystone, who heads City and Westminster, a USM-quoted financial services company which specialises in turning round troubled companies. "We made a number of approaches to provide additional funds and management," he says. "We had definitely taken the view that there was a lot that could be done with the company."

Vanessa Houlder

After the rejection of his offer, Greystone is scathing about the way things have turned out. Pavion's request for an administration order, triggered by its failure to meet its interest payments two weeks ago, is designed to give it a breathing space during which it is protected from its creditors while it renegotiates its debts and, probably, sells the cosmetics business.

"I am very surprised that events have turned out as they have," says Greystone. "It is unnecessarily damaging to ordinary shareholders and loan stock holders."

All these events may have been watched with particular interest by another City and Westminster director, Mike Flinn. Flinn, a management consultant, was managing director of Sangera from 1985 to 1986. He is now working on projects with City and Westminster, although he played no part in its proposals to Pavion.

City and Westminster has been in the news in its own right this week after it proposed a merger with UTC, another USM-quoted financial services company.

The proposal is designed to create a larger operation, which will be able to support even larger turnarounds. At present, City's list of reconstructions includes Sumrie Clothes, a textile company that has been revamped as Summer International, a training company, Lanco, a handbag manufacturer, a controls company.

More recently it has also taken on A&M, an allied electrical supplier (into which it reversed two months ago) and Alpine, a soft drinks distributor. It is also expecting to announce a US acquisition by Access Satellite International, a long-troubled scuffling company.

The proposed merger between City and UTC is not the only upheaval in the USM's financial services sector. A week ago Robert Fraser, finally completed its reverse takeover of Dewey Warren, the cash-rich financial services company.

Dewey, which was best known as the UK investment vehicle of Robert Holmes & Court, has been in the sights of Robert Fraser since it bought a 29.9 per cent stake from Alan Bond nine months ago. After being held up by the opposition of a large Dewey shareholder, Fraser has now been acquired for £1m in cash and 25m preference shares. The new group will be called Robert Fraser Holdings and its businesses will encompass merchant banking, property finance and insurance broking.

Clare Pearson

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FINANCE & THE FAMILY

**John Edwards looks at Schroder's return to the UK retail market**  
**Back to unit trusts after a 3-year break**



Clive Boothman

AFTER A three-year absence, Schroder, the international investment banking group, has decided to return to the retail unit trust market in the UK. Three years ago Schroder caused quite a furore by selling its Schroder Life subsidiary to National Mutual of Australia. The deal, which allowed National Mutual to continue using the Schroder name for three years, included an agreement that Schroder would stay out of the retail market for three years. It did, however, retain a group of wholesale unit trusts under the SIM (Schroder Investment Management) banner, which with nearly £1bn under management is the 11th largest unit trust group. However the funds managed by SIM are primarily from Schroder institutional and private clients at present. Now the three years is up, Schroder Life has been rechristened NM Group, and Schroder has decided to re-enter the unit trust market from October 1. It will be launching six additional funds increasing the

total number of unit trusts to 14 and also some related products, such as Personal Equity Plans. Clive Boothman, managing director of the newly formed Schroder Unit Trust subsidiary company, denies there has been any change of policy by Schroder. He says the main objective of the group was to sell the life company, since it was felt that as a medium-sized player it would have difficulty in prospering without a powerful parent in the same field. The unit trusts were reluctantly included in the sale package, as a large proportion of their funds were unlinked life business, but it was always Schroder's intention to come back into the retail unit trust market. Under the new set-up, however, the unit trusts would be sold through the larger investment-orientated financial intermediaries, without a life company sales force as previously. Boothman says the plan is to concentrate on mainstream funds, with a major companies and smaller companies fund

UNTIL THIS week there might just have been a happy corner of England and Wales which had so far avoided hearing about the privatisation of the water industry.

Not any more. Chairmen of the 10 water and sewage businesses have just sent a letter to 20m customers. For the benefit of hermits, recluses and others without access to a television or newspaper it begins: "As you may know..."

The package - also being mailed to 390,000 small investors living in Scotland, Northern Ireland, the Channel Islands and the Isle of Man - contains firm details of the incentives on offer to potential private investors.

It illustrates the Government's conviction that water privatisation - the simultaneous sale of 10 regional businesses - will be a prime opportunity to expand the geographical spread of private share ownership.

So how does this scheme differ from previous privatisations?

Although potential investors do not have to decide in advance which incentives they want to receive, they do have to register with the Government's water share information office to be eligible.

The easily understood concept of a discount on domestic bills - a feature of the British Gas and British Telecom privatisations - has been dropped from the list of perks. That is hardly surprising, as the billing structure of the water industry is complex.

Instead the Government

**Andrew Hill on the next privatisation's incentives**  
**How to lure H<sub>2</sub>O owners**



BRYAN GOULD, the Labour Party's spokesman on trade and industry, warned this week if a Labour government took the water industry back into public ownership it might pay compensation "well below the original issue price."

In a special article on water privatisation in Thursday's FT, he said: "This prospect should give pause to all potential investors."

is, for the first time, offering shareholders who buy a stake in their local business a discount on the flotation share price. Everyone living in a house served by one of the former water authorities is eligible for these customer incentives. This is different from British Gas, where households with a single gas supply could only receive a discount on their gas bill for one household's application. How will the incentive scheme work? The incentives will only be available to individuals. Companies, businesses, clubs and associations will not be eligible for the perks. Customers buying shares in their local water and sewage business will receive preference over other potential investors if there is heavy demand. Payment for shares, as in previous privatisations, will be made in three instalments, probably spaced out over 18 to 20 months. The perks can only be claimed after a certain period, to encourage loyalty. If, as a customer, you buy shares in your local business you will be entitled to one of three incentives, to be chosen when you fill in your application form. A cut in the price of the

sell part of your holding before paying the second or third instalments, but the buyer would have to pay the full price when those instalments were due.

Bonus shares in your local water and sewage business. This is a concept familiar to investors in previous privatisations. The shareholder receives a certain number of free shares after a specified period. In the case of British Gas the offer was 10 new shares for every 100 bought at flotation and held for three years.

Customers of two or more water and sewage businesses (for example, those with a second home) will have to choose which of the businesses to nominate for their incentives. One in four people in England and Wales receive their water supply from statutory water companies. They will still be eligible for incentives, provided their waste water is taken away by one of the 10 water and sewage businesses. All eligible customers should receive a chairman's letter.

The package, in effect, asks you to choose between the certain value of a cash discount and the less certain value of free shares after two or three years. The worth of the second incentive obviously depends on whether you think water

shares will rise or fall after privatisation. There is a third alternative. Bonus shares in a water business other than your local company.

You can invest in as many of the 10 companies as you wish, but you can only receive incentives in one, and you can only receive cut-price shares in a business of which you are a customer.

If you decide, however, that your local business is not as attractive an investment as, say, the neighbouring business, you can apply to receive bonus shares in another water company instead, at a slightly lower rate than if you were a customer.

The same bonus share concept is open to potential investors who are not customers of the 10 businesses. For example, the 4 per cent of people in England and Wales who have their own private water supply and sewage arrangements, and inhabitants of Scotland, Northern Ireland, the Isle of Man and Channel Islands.

Some important details of the incentives have yet to be decided.

The payment timetable and structure have not been revealed. Most importantly for those interested in the incentives, the extent of the share price discounts, the number of bonus shares and the difference between the customer and non-customer rates are still unknown.

According to the Government's advisers, most of those facts should emerge next month.

**Investment trust-based plans launched**  
**Perhaps the best PEP**

INVESTMENT trust-based Personal Equity Plans (PEPs), arguably the best vehicle on the market, are still something of a rarity. However, this week several new ones were announced. Ivory & Sims, the Edinburgh investment house, said it was launching a range of PEPs based on investment trusts and with a choice of objectives - either growth of income or capital growth.

The income growth portfolio PEP allows you to put up to £2,400 into the group's Investor Capital Trust, which confirmed that it qualifies with the PEP rules that require at least 75 per cent of the holdings to be in UK ordinary shares. The trust changed its policy in 1985 to include high proportions of its UK stock holdings, and it expects to continue to be a qualifying investment trust.

First Charlotte, which specialises in seeking capital growth from investing in smaller companies, also said its intended to retain 75 per cent of its assets in qualifying shares. Ivory & Sims's investment trust accumulator portfolio gives you the choice of six investment trusts, including First Charlotte. However, with the other five trusts only £750 can be invested because since most have more than 25 per cent of their holdings in overseas shares and are not qualifying trusts. The remaining £4,050 will buy UK shares considered to have long-term capital growth potential.

The group says its charging structure is one of the most competitive in the market place, but it does not seem the case. There is an opening charge of £50, plus an initial dealing charge of 3 per cent of the investment, an administration charge of 0.25 per cent and finally an annual management fee of 1.25 per cent. However there are no extra dealing costs.

Contrast this with the Murray Johnstone investment trust PEP which has an initial charge of only 1.5 per cent and an annual management fee of 1.25 per cent. What is more Murray Johnstone says it has negotiated a reduced rate of stockbrokers' dealing commis-

sion of only 0.3 per cent. You have the choice of putting up to £2,400 in the Murray trust, which is a fully qualifying investment trust, or £750 in three trusts with more international holdings.

Murray Johnstone has also introduced a Unit Trust Plus PEP, which offers the choice of a growth or income fund. It has an initial charge of 5 per cent, plus an annual fee of 1.25 per cent.

The fee includes the 1 per cent unit trust charge so there is no double charging.

The Kleinwort Benson Select PEP offers the choice of four unit trusts, and a managed share portfolio of six directly held shares. Unlike some companies, which insist on dividend being reinvested, Kleinwort is prepared to pay out dividends gross and provide a monthly income facility from April 1990 - providing you have invested the maximum of £4,800.

There are initial charges of 6.5 per cent on the unit trust portfolio, and 5 per cent on the managed share part, plus an annual management fee of 1 per cent.

CCF Foster Brathwaite, the private client stockbroker arm of CCF European investment bank, takes the view that a PEP is an ideal vehicle for putting a tax-free "shrink wrapping" around the core holdings in a share portfolio. So it is introducing this week an Alpha Portfolio PEP, in an old and new style form so that the maximum of £7,800 can be invested before the end of the year.

It is available on an advisory discretionary basis. You, or the company, can select up to three shares from a list of 20.

Charges for the discretionary version include registration fees of £25 for the old PEP and £50 for the new style. There is in addition an annual fee of 1 per cent.

Dealing costs are 1 per cent per bargain (with a minimum of £20). The advisory version is even more expensive with registration fees of £50 and £75, a 1.5 per cent annual fee, and dealing costs of 1.5 per cent.

J.E.

**Going for gold**

A DOWNMARKET gold credit card is to be introduced by Lloyds Bank next month. To qualify for Mastercard Gold, you will need to earn only £20,000 a year and pay an annual fee of £30. The minimum credit limit is a lowly £2,500, however, and the preferential interest rate on borrowings up to £10,000 will be pitched initially at 1.5 per cent a month or 20.9 per cent a year. This is equivalent to an annual percentage rate (APR) of 23.4 per cent, making the £30 entrance fee into account. If you borrow over £10,000, the interest rate is cut to 1.4 per cent a month or 18.1 per cent annually - more in line with other gold cards. There is an option of making direct debit payments from a Lloyds current account.

effectively making it a charge card. The package also includes free insurance for 90 days on purchases with the card, commission-free purchase of travellers cheques and foreign currency and free travel insurance up to £100,000 to cover death or injury.

The new card can be used to obtain cash, up to a maximum of £500, from the 2,000 cashpoint machines in the UK and from 150,000 banks abroad. It will be accepted where Mastercard or Eurocard symbols are displayed.

Lloyds will continue to provide the American Express gold card, which enables you to borrow up to £100,000 without question.

J.E.

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**No other Unit Trust Group can match our global investment management strengths.**

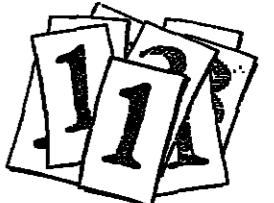
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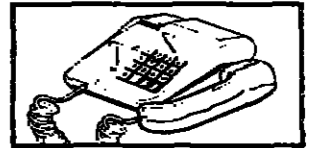
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FINANCE & THE FAMILY

**WHERE DO you deposit a suddenly available lump sum to earn the best return? That is a question many depositors with National Savings will be asking in the next few weeks.**

A huge issue of five-year Savings Certificates (the 28th issue) sold five years ago is just maturing and becoming due for repayment. Once the fifth anniversary of the purchase passes, the former guaranteed return of 9 per cent tax free on the certificates comes to an end and instead holders will receive interest (known as the general extension rate) at a miserly 5.1 per cent a year tax free.

National Savings, which is no longer driven by the need to raise funds for the government, has deliberately kept the general extension rate at a low level to encourage repayment or reinvestment of the maturing certificates, so investors face a serious potential loss of income.

The amounts involved are big. Over half a million investors bought the 28th issue of five-year Savings Certificates, which were on sale for an exceptionally short period from August 8 to September 11 in 1984.

The Government at the time miscalculated and offered a guaranteed return over the five-year period fixed at the very high rate of 9 per cent a year tax-free. This turned out to be over generous, and the Government withdrew the certificates from sale quickly once it realised its blunder. However, in the short period they were on sale, investors moved in quickly. Total sales in five weeks were £1.1 bn, and about £1.38 bn - including accrued interest - remained invested in the 28th issue when it started to mature last month.

Meanwhile, on September 1, Savings Certificates bought under the Yearly Plan savings scheme, launched in 1984, also started to mature.

In both cases holders of the matured certificates will in future only receive the low general extension rate. So where do they shift their money to now?

As usual the answer depends to a large extent on individual circumstances. Key questions are:

- Are you a standard-rate, top-rate or non-taxpayer?
- Are you married, with a wife who is not liable to pay tax?
- Do you want instant access to your money, or are you prepared to lock it away for a period of time?
- Are you prepared to put your money offshore?

First of all, it is worth looking at alternative National Savings products. The direct replacement for the 28th issue of Savings Certificates is the current 24th issue. These pay a guaranteed 7.5 per cent tax free (equivalent to 10 per cent gross for 25 per cent taxpayers and 12.5 per cent for top rate taxpayers) but only if they are held for the full five-year period. There is also a limit on the maximum amount that can be bought. This is £1,000,

**John Edwards looks at what depositors with National Savings can do with their cash**  
**How to get the best return on a lump sum**

Guaranteed Income Bonds on 15/9/89						
Company	1 Year	2 Years	3 Years	4 Years	5 Years	Min Inv.
Aetna UK	11.25	0.00	0.00	0.00	0.00	50000
American Life	11.10	0.00	0.00	0.00	0.00	15000
Canon Lincoln	0.00	0.00	0.00	0.00	0.00	10000
Canterbury Life	0.00	9.25	9.25	9.25	9.25	1000
Consol. Life Assur.	10.75	9.75	9.75	9.50	9.50	2000
Fin. Assur. Group	0.00	8.50	8.75	8.75	10.00	2000
Gen. Portfolio Life	10.75	9.75	9.00	8.75	0.00	2000
Gen. Port. Mia	0.00	8.55	10.40	0.00	0.00	1000
Hill Samuel	0.00	0.00	0.00	0.00	9.25	5000
Hill Samuel Mia	0.00	0.00	0.00	0.00	8.50	2000
Liberty Life Assur.	0.00	0.00	9.30	9.30	0.00	2000
Liberty Life Assur.	0.00	0.00	9.70	9.90	8.50	5000
Liberty Life Assur.	0.00	0.00	10.00	9.90	0.00	10000
Liberty Life Assur.	0.00	0.00	10.20	10.00	0.00	25000
New Dir. Finance	10.00	0.00	8.00	8.75	8.75	1000
Providence Capital	0.00	0.00	8.50	8.55	8.55	1500
Providence Capital	0.00	0.00	8.50	8.55	8.55	10000
Prop. Equity & Life	10.50	0.00	0.00	0.00	9.00	1000
Premium Life	9.00	0.00	9.80	9.3	8.90	1000
Regency Fin. Group	10.50	0.00	0.00	0.00	9.25	10000
Reliance Mutual	0.00	0.00	0.00	0.00	9.15	10000
Shield Assurance	0.00	0.00	0.00	0.00	9.15	10000
Shield Assurance	0.00	0.00	10.00	0.00	0.00	2000

Source: Chase De Vere Investments

unless you are switching directly from a previous issue (like the 28th) when you are entitled to buy an additional £10,000.

For top-rate taxpayers particularly these make a lot of sense, with a relatively high net return guaranteed over the next five years even if interest rates come down.

**Capital bonds are in many ways an ideal vehicle for married couples**

If you believe inflation is going to remain high, an alternative to the 4th issue of Index-Linked Savings Certificates. These offer a return based on the rate of inflation, as measured by the retail price index, plus extra interest each year, which builds up over the five-year period. In the first year it is 3 per cent moving up in yearly stages to 3.25, 3.50, 4.50 and 6 per cent in the fifth year to provide an average return of 4.04 per cent. You can, however, surrender the certificates at any time after 12 months if inflation starts going down, although in the early years this means taking a lower extra interest rate.

The National Savings Capital Bond, launched in January, guarantees a return of 12 per cent gross a year if held for five years, a high rate for such a long period but you are liable to pay income tax from year one - even if you have not received any payment. Its main appeal, therefore, is to non-taxpayers.

Capital Bonds are in many ways an ideal vehicle for married couples, where the wife is not earning enough to be liable for tax, providing you don't mind locking your money away for five years. From April 1990, your wife will have her own personal tax allowance enabling her to receive income tax-free. The interest - and therefore tax liability - is very low on the Capital Bond in the first year, when the husband will still be able to pay the tax on his wife's investment. In the four subsequent years, when the tax liability increases in line with the higher interest paid, the wife will be able to utilise her tax-free allowance.

Income bonds, which pay a variable interest rate (currently 11.5 per cent gross) are also worth considering for the non-taxpayer, since they pay income monthly gross of tax. Gifts (government securities) bought through the National Savings Stock Register at very competitive commission rates pay interest gross of tax, while those on the Bank of England register bought more expensively via stockbrokers deduct standard-rate tax at source, which the non-taxpayer has to reclaim.

Although gifts are secure, in that it is extremely unlikely that the Government will not meet its obligations to pay the specified interest and maturity value, they are by no means a "safe" investment. Their capital value can, and does, go up and down. So if you buy at the wrong time, for instance when interest rates are high, you can suffer a serious loss.

Another alternative for non-taxpayers, looking for interest bearing deposits, is to go off-

shore. As Barlow Clowes showed, this can be fraught with danger. The trick is to choose highly respectable UK-based companies and watch out for additional costs and charges. At present offshore subsidiaries of building societies are not entitled to pay interest gross to UK residents, but there are some very respectable banks with subsidiaries in the various tax havens, such as Jersey and the Isle of Man, which pay gross interest on deposit accounts or money funds.

To take advantage of the introduction of independent taxation from next April, married men with wives with no tax liability can deposit money into offshore bank accounts in their wife's name with the first

interest payments not due for nine months or a year. This means that the interest is paid when the wife is able to take advantage of her new personal tax allowance.

For taxpayers a good alternative to National Savings products are guaranteed income/growth bonds offered by several of the smaller life assurance companies. These provide a safe way of locking in the present high interest rates for a period of years, since the bonds are guaranteed by the assurance companies and come under the Policyholders Protection Act if something does go wrong.

London-based intermediaries, Chase de Vere, compiled the accompanying table, but it is worth shopping around. For example, Barroworth (Investment Services) of Ilford, Essex, are currently offering two or four-year Pegasus guaranteed income bonds that pay 10.4 per cent interest a year, net of basic rate tax (equivalent to 13.88 gross).

The rates quoted in the table are net of basic rate tax, which is already paid by the fund, and there is no liability to capital gains tax, although higher rate taxpayers may face an additional income tax bill.

Income payments are usually made annually, but sometimes more frequently. Alternatively investors not requiring income can often arrange for the interest to accumulate as a guaranteed growth bond, so that the tax liability comes at the most suitable time, possibly after retirement.

Locking your money away in these bonds takes the gamble that interest rates are not going to move even higher, and if you surrender the bonds early you could suffer a loss of capital. But providing you hold them to maturity, guaranteed income bonds do provide - without any risk to your capital - a specified guaranteed return. At present this compares favourably with the variable rates offered by building society and bank deposit accounts.

**John Edwards examines schemes to help young people finance their first homes**  
**Student mortgage plan**

**YOUNG PEOPLE**, including students, often have great difficulty in getting mortgages since they simply do not have the financial resources. However Bank of Scotland have come up with an innovative scheme under which the mortgage can be supported by a letter of guarantee from a parent or parents for 20 per cent of the loan.

The Student Mortgage Scheme enables parents to help with the purchase of accommodation for their child studying away from home. The mortgage is taken out in the name of the student, and therefore qualifies for tax relief on the first £20,000, but can be serviced by the parent.

The Young House Buyer scheme operates on similar lines and is aimed at young professionals, who will be able to borrow up to four times their salary.

Both schemes offer 100 per cent loans up to £50,000. The age bracket is 18 to 25 years and the standard interest rate

(currently 13.75 per cent) is charged.

The Heart of England building society is taking a different approach with its First Time Buyers Plan which provides loans 25 per cent higher than would normally be granted and 35 per cent higher to professionally qualified borrowers. The interest rate payable for the first five years has built-in annual increases, which the society says will be well within the anticipated increase in earnings.

Meanwhile Citibank has set an interest rate ceiling on most of its mortgage products for new borrowers on all payments made prior to March next year. The ceiling is 13.5 per cent on mortgages above £50,000 and 13.75 on smaller loans. In addition it guarantees that if prevailing rates are higher than this level in March it will not increase its rate by more than 1 per cent that month.

It is a one-way bet so far as the borrower is concerned, since Citibank says if interest

rates fall, it will lower its rate in line with market trends.

The six-month ceilings apply to the group's standard, high-equity plus, multi-purpose remortgage and low-cost interest-only mortgages.

First Interest Mortgages is looking further ahead with a scheme that guarantees borrowers will not pay interest rates above 13.5 per cent at any time in the next four years. The quid pro quo is that you must also accept an interest rate "floor" of 10.5 per cent over the same period.

This "cap and collar" will apply to a range of mortgage products sold by Sun Alliance, General Accident, Guardian Royal Exchange, Foreign & Colonial, Henderson and Life Association of Scotland.

Leeds Permanent building society has allocated £200m for supplying mortgages with a 12.75 per cent interest rate fixed for three years. It applies only to endowment or pension-based products, but there is no special arrangement fee.

**Charity investment link**

**CAZENOVE**, the exclusive London stockbroking partnership, has linked up with the Charities Aid Foundation, to offer a new vehicle for the investment of charity funds. They are launching two collective investment schemes and a deposit fund.

Costs of segregated investment management have escalated, particularly for smaller funds, and trustees can no longer do their own investment unless they are authorised.

The solution to both these

problems is the launch of pooled funds, which aim to provide expert management at low cost. Since the funds will be registered as charities all dividends and interest will be paid gross to charities.

Charities are offered the CAFINVEST balanced fund investing mainly in UK equities; the CAFINVEST Income Fund, invested mainly in gilts, other fixed interest stocks and convertibles; and Cazenove Deposit Fund. The minimum investment is £10,000 for the balanced and

income funds, with charges of 1 per cent initial and 0.3 per cent renewal, and £1,000 for the cash fund.

The responsibility for the underlying mix of funds still rests with the trustees. But Cazenove and CAF are prepared to advise trustees individually on the optimum fund split taking into account their liabilities and objectives.

During the initial launch period, from October 16 to 30, units will be priced at 50p.

Eric Short

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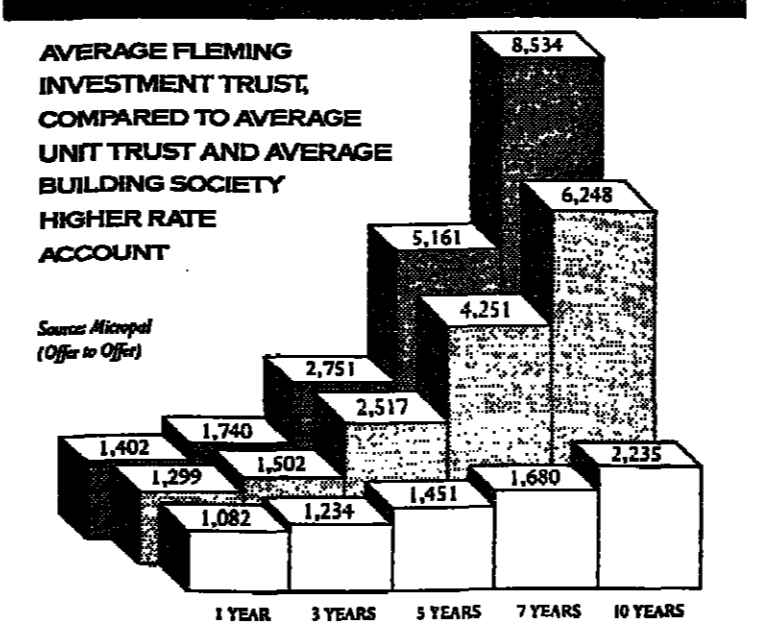
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FINANCE & THE FAMILY

# The real value of a pension

I INTEND to transfer my deferred pension rights, accrued in my former employer's scheme, into a personal pension. I have been informed by my former employer that the transfer value of my pension is £27,625. The benefit to which I am entitled is a pension of £7,072 pa. at the age of 60. I am now 57, and my birthday is in April. The pension is index linked to the extent required by law, i.e. the smaller of 4 per cent or the rate of inflation.

I wish to be reasonably certain that I am getting a fair deal on the transfer value. I am not an actuary but as a chartered accountant I understand the principles of present value calculations. I know that my pension scheme is fairly sound and normal in its arrangements so that normal actuarial assumptions, would, I think, apply.

However, how can I obtain

an independent professional opinion on the transfer value? For example, could I require the actuaries to the scheme to certify the transfer value? What precise information should I request from my former employer?

■ Calculation of your pension of £7,072 pa. will be based on the amount you have accrued under the rules of your scheme and you are correct in assuming that the trustees of this particular scheme will have had this calculation correctly done and checked.

If you look at the rules of your scheme you ought to be able to do a rough check on the figure yourself. You take the final salary at the date of leaving (as defined by the rules and which should be quoted in the document issued to you) and the number of 60ths or 80ths (or whatever the formula) you have earned by your pensionable service up to the date of

# Q&A

## BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

leaving.

As the legislation requires schemes to give "fair value" in terms of a transfer value payment, and as guidelines have been laid down for schemes as to what constitutes "fair value," we think that you can reasonably rely on the £27,625 figure that you have been given. If you wish to get advice from independent actuaries and consultants then you should hand them your scheme booklet plus the document that you have been sent setting out your leaving service options. Once they have received your written authority to approach your former employer they will be in a position to know what supplementary questions they need to ask.

# David Barchard examines the advantages of 'plastic money' at home and abroad

## Play your cards right on holiday

USING PLASTIC cards to draw cash while travelling, rather than relying on wads of notes or travellers cheques, has obvious attractions. Although many people still use travellers cheques, it is probably only a matter of time before they give way to plastic.

Advantages of cards are their superior portability, the reduced risk of theft, and the fact that you do not need to pay in advance for the cash you draw (as you do when buying foreign currency or travellers cheques). On top of that, a cash advance may well be cheaper than travellers cheques.

But you can be sure that you will always be able to find a machine to fit the card you are carrying? There are some 14,531 automatic teller machines (ATMs) in Britain, belonging to three principal networks:

■ Mint, the network operated by National Westminster, Midland, and TSB, has 8,823 machines and an estimated 12m cards in circulation. (Midland also belongs to another minor network with Clydesdale Bank.)

■ A second network whose principal members are Barclays, Lloyds, Boy's Bank of Scotland and Bank of Scotland, with 5,046 machines and 12.8m cards;

■ Link, which includes building societies, Abbey National and Girobank. Link expects to have 3,500 machines and 12.5m cards by the end of this year.

These networks are relatively new and still growing. Link, for example, has only recently absorbed Halifax Building Society's independent network of Cashcard machines, and is still completing its merger with its former rival, Matrix. All allow the withdrawal of money direct from your current account.

Two international ATM systems established in the US, Citrus and Plus, have been offering similar services to bank customers in other countries. Link is a member of Plus, and most, but not all, Link cards can be used in Plus machines in the US and Japan.

The main exception is Halifax's Cashcard debit card.

To draw money from a cash machine with a plastic card, you will always need to remember the Personal Identification Number (PIN) issued with the card - which can be difficult for some people.

Another point consumers should bear in mind is that ATMs are an area of competition for financial institutions. Bank and building societies owning ATMs receive a fee when customers of other

institutions use their machines.

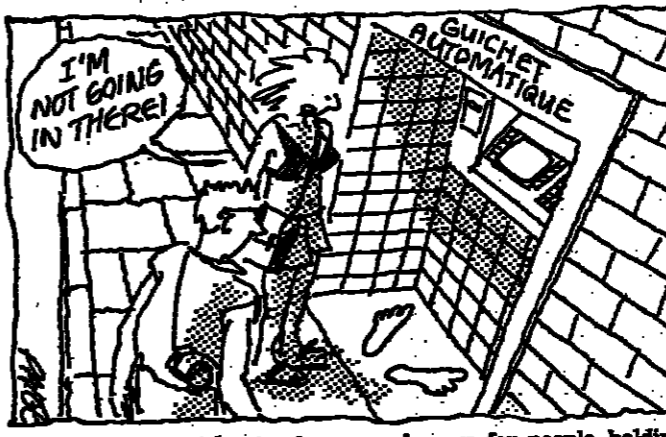
Halifax Building Society brought this out into the open recently when it joined the Link system. It announced that any of its Cashcard customers who used machines belonging to other societies would have to pay 50p per transaction.

If you plan to have a building society account from which you want to withdraw money regularly via a Link cash machine, it probably makes more sense to belong to one of Link's other members. They do not penalise customers for using other institutions' machines.

Cross-frontier ability to draw money from your current account can be obtained by direct bank-to-bank relations. Customers of Royal Bank of Scotland who holiday in Spain, for example, can use cash machines at 350 branches of its sister bank, Bank Santander. That service is free and - as yet - very unusual. The Santander branches with the machines that Royal Bank of Scotland customers can use are in Madrid, Alicante, Malaga, Majorca, and the Canary and Balearic islands.

### POINTS TO WATCH

- If you have a bank cashcard which also has a Visa branding, you will pay nothing if you draw cash from your own bank or one in the same system, but there will be a 1.5 per cent commission charged if you draw your money via the Visa network.
- Not all the cards from your bank will necessarily work in the same machine. For example, TSB's Speedbank cashcards work in all the MINT network ATMs, but the bank's new Bankcard (as yet) does not work in NatWest machines.
- Even if you know your bank cashcard number by heart, you are probably less familiar with the PIN for your credit cards which you want to use while on holiday.
- Never, under any circumstances, write a PIN on your card or anywhere where a thief is likely to be able to identify it. If you do this, and your card is stolen, you could be liable for any losses incurred.
- Quite apart from the stiff charges involved, it does not make sense to draw money regularly on your credit card when at home. Card issuers take note if you do and tend to regard it as a sign that you may be in financial difficulties.



# Passing property on to sons

MY HUSBAND and I own two freehold properties - the house in which we live and a flat in Kent. Both are jointly owned and free of mortgage.

The present value of these two properties is about £225,000. At present, if either of us died, the properties would pass automatically to the surviving partner so that when that partner died, the properties would pass by will to our three sons, carrying a substantial liability to Inheritance Tax.

Would it be possible for us to extend the ownership of the properties by joining our sons' names on the deeds with ourselves, so that we still retain a measure of control but so the properties would automatically devolve to our sons after our deaths? Or is there any other way of achieving the same end? We could split the properties between us and each own one,

and each leave our property to our sons, but that would possibly leave the survivor with inadequate disposable capital and income on which to live. At present, we know that we could trust our sons to provide for us, but circumstances may change.

■ It is possible to do as you suggest, but a difficulty arises in terms of tax saving if you continue to live in one or both properties (because of the statutory rules as to a benefit reserved to the donor).

However, you could give one property away, or else make more complex arrangements which ensure that your right to occupy the property or properties is created outside the arrangements made on the occasion of the gift (eg by creating a prior lease). Any such arrangements need to be carefully structured: it would be wise to consult a solicitor.

# Allowable allowances

THE Weekend FT's recent series of articles on independent taxation of couples mentioned that a husband will be able to transfer allowance to his wife, but did not appear to mention whether wives can transfer single allowance to the husband.

The Inland Revenue leaflet IR81 says that a wife can set her personal allowance against a NI pension she gets because of her husband's contributions; but surely my allowances are reduced at present because of my state pension, which seems the reverse of this.

■ No, a wife's basic personal allowance cannot be transferred to her husband; neither can a husband's basic personal allowance be transferred to his wife.

All that is transferable is the married couple's allowance, which a married man receives in addition to his basic personal allowance (from 1990-91).

Your social security pension does not reduce your allowances: part of your personal

# CGT on a rented house

IF I WAS to rent out my house - which has been my residence for the past 15 years or so - will I have to pay tax on the sale of the house should I decide to sell it later?

■ Yes, Capital Gains Tax will be payable if you sell the house for more than its value at the date of the commencement of the letting.

# Poll tax bill on flats

I OWN a leasehold flat in the joint names of myself and my wife. We both live at this flat. My wife also owns a flat, which is unoccupied, in the same building. What poll tax will be payable on these?

■ You will be liable to the community charge in the flat where you live and to the standard charge on the other flat. If you lived one in each flat the bill would be roughly halved.

# Transfer of shares

I WISH to follow the advice in your articles on independent taxation for married couples and transfer sufficient investment income to my wife as will enable her to utilise to the full her new allowance (which will include normal age allowance), and to take advantage of this gains tax allowance.

How can I transfer shares without going through a bro-

# ONE of the big dangers with foreign currency mortgages is the serious risk that sterling will depreciate in value thus increasing the amount that has to be paid back, possibly far in excess of the savings made from paying lower interest rates.

The Citadel mortgage scheme seeks to avoid the exchange rate risk in an unusual way. Under the scheme, the loan and the repayment vehicle are both denominated in the same currency (Japanese yen). So in theory any growth in the size of the loan will be matched by an increase in the value of the fund built up to repay the mortgage.

An additional feature is that the borrower is lent, as an addition to the mortgage, the extra cash needed for reinvestment in the repayment fund. For example, if you want a mortgage of £100,000 (the minimum under the scheme) you could borrow an additional £15,000 to invest in the matching yen fund. After 25 years this £15,000

# Yen for a new mortgage

should have grown sufficiently to repay the £100,000, whatever happens to the value of yen against sterling.

In fact, to ensure that the fund does keep up, the scheme provides for the borrower to pay an additional 0.6 per cent each quarter using up some of the substantial savings made from paying much lower interest rates on a Yen mortgage.

The scheme has been devised by a Leeds-based intermediary, M & E Financial Management, in conjunction with Royal Trust Bank, specialists in foreign currency loans. Not surprisingly the yen-denominated repayment vehicle chosen is the Japanese fund offered by the Royal Trust Assurance SICAV, an "umbrella" fund established in Luxembourg that qualifies as an Undertaking for Collective Investments in Transferable Securities. Unfortunately, although

there are substantial initial savings from the lower mortgage rate, it still could prove rather costly in the long run. For a start you borrow extra money to invest in the premium, thus increasing your interest payments. You also have to take out a mortgage protection policy providing cover for 120 per cent of the sterling value of your property.

More fundamentally there

is no protection against the level of your interest repayments being increased by a fall in sterling, and your house remains a sterling asset whatever may happen to the loan and the fund. If you move or decide to sell at the wrong time you could therefore face a serious shortfall.

■ Another approach to the exchange risk problem of foreign currency mortgages is offered by Daniels Finance,

a subsidiary of Ashbourne Finance, also in conjunction with Royal Trust.

Their idea is to have a managed currency mortgage, with the lending bank being instructed to switch the loan between eight key international currencies according to developments in the foreign exchange markets. Much seems to depend on the skill of the currency management and, of course, each switch involves charges and costs money.

John Edwards

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	1989	1988	% Change
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Earnings per share	2.45p	1.87p	+31%
Dividends per share (interim)	1.40p	1.25p	+12%
Asset distribution - USA	86%	78%	
- UK	14%	22%	

\*66 In terms of net asset value total return, American Trust plc, which is managed by Edinburgh Fund Managers plc, was the TOP performing investment trust in the North American sector for the year to 31 July 1989. (Source: AITC.)

Please note that past performance is not necessarily a guide to the future and that the value of shares can fall as well as rise, so that investors may not necessarily get back the amount invested.

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MINDING YOUR OWN BUSINESS

# Dealing with life's failures

Roy Hodson meets one of Britain's leading receivers



"SOME PEOPLE don't want to be seen having lunch with me," reflects Allan Griffiths, ruefully. He is the head of insolvency for chartered accountants Grant Thornton, and one of the leading receivers in Britain. The nature of his calling means that his very presence in a company's office or dining room can start unfounded rumours flying. Although Griffiths endures his tales of a lifetime of business insolvencies with an engaging Liverpoolian turn of wit, it is impossible to disguise the fact that liquidations and receiverships are serious, disruptive and often heart-breaking happenings for those caught up in them. The stark warning on the small business movement this autumn is that the accountants are steeling themselves to deal with a rising tide of business failures in the two years ahead. The accompanying table shows

**The ones that failed**

Year	est. 1,575	est. 10,500
1989	1,217	9,427
1988	1,325	11,489
1987	1,777	14,405
1986	1,781	14,608
1985	1,903	15,721
1984	2,082	15,402
1983	2,190	12,067
1982	1,590	8,586
1981	1,589	8,890
1980	900	6,537

Source: Department of Trade and Industry

the pattern of the last ten years with estimates for this year. After a fall in liquidations and receiverships in the last three years (compared with the high levels of the early 1980s following the last period of dear money), insolvency experts are finding that demand for their services is becoming brisker by the day. Difficulties are already being experienced in the house-building sector (and its suppliers and sub-contractors), and the retail sector is already pondering the implications that a quiet Christmas trading season accompanied by high interest rates may be its lot. Most accountancy firms which specialise in insolvency are strengthening their depart-

**Who handled the receiverships in 1988**

1. Peat Marwick	122
2. Coopers & Lybrand	118
3. Grant Thornton	89
4. Arthur Young	77
5. Ernst Whinney	73

ments by recruitment in anticipation of a rush of business ahead. The pool of trained insolvency accountants is, however, limited. Since the Insolvency Act of 1986, an accountant has been required to hold a special licence to practise insolvency accountancy. From next year a condition for the granting of the licence will be a written examination in the specialisation. Griffiths says an insolvency accountant must have a "range of hard-nosed skills" to enable him to spot the hard facts in a difficult business situation and to put forward equally hard solutions, sometimes on the lines of "sell the boss's car and make him take the bus".

His personal view is that although insolvency accountants will be dealing with a rising number of businesses in difficulties, their skills in applying preventative medicine will act as a brake on the number of actual insolvencies and receiverships that will take place. Meanwhile his own firm, Grant Thornton, is increasing its present insolvency force of 200 partners and staff by 50 during the next six months.

As the insolvency accountants sharpen their knives the question any prudent small business person will ask is, "How can I avoid their attentions?" Insolvency accountants have kindly helped me compile the following list of bad habits that can lead a small business into trouble.

- Poor management. Small businesses too often lack

- organisational structures.
- Lack of management style. As the business climate gets colder the company finds it lacks a complete team to adapt to the changed situation.
- Lack of forward planning. You have to know where you are, and where you are going.
- Lack of financial management. That includes failure to collect outstanding debts, and too much stock lying around unsold.
- Over-reliance upon a product or a small number of customers. When the business goes tough remember that other companies can let you down.
- Government policies. However small you are, you can be affected by them - whether they be economic, planning, monetary, or "green." You must act accordingly to protect your business.
- Too many trappings. As one accountant put it: "Directors must make the cream before they can skim off the fat."
- An insolvency accountant acting as Receiver for a company (usually at the request of the bank and the board) will do his best to sell the business as a going concern. But if the company is in liquidation then he will probably have no alternative but to close.
- If, unhappily, your company finds itself in the hands of an insolvency accountant, heed a comforting word from ace receiver Griffiths. "In my view the very British invention of receivership is a good route to follow for a company in serious trouble. In so many cases the receiver will go in and cut out the fat, say, 15 per cent is dragging the business down, and save the remaining 85 per cent."

# The value of public relations

How small businesses can promote themselves



Sylvia Holder and Lindsay Swan of Holder Swan PR

TIME SPENT out of the office attending courses, seminars, conferences, and exhibitions, is usually seen by salaried people as a pleasant interlude. A perk of the trade if you like. Unlike their brethren in big firms, however, people running their own businesses hate to leave the show to manage itself, or be run by substitutes. So what is it that will bring together in a seminar a diverse selection of independent business people including a furniture restorer, the headmaster of a private school, a tour operator, an exhibition designer, a hairdresser, a publisher, a property developer, and a dietary consultant? The answer is that they all want to know more about public relations. And, in particular, how the black art can best be used to assist their own small businesses.

Two women, Sylvia Holder aged 50, and Lindsay Swan, aged 37, have been working together for the last 13 years. The bedrock of their business has always been a small public relations consultancy. They have cheerfully seen it, however, as a working platform from which they can satisfy their insatiable curiosity to keep trying things new in the business world. At odd moments they have run a telephone answering service, a "share-secretary" service, a digest of travel trade information, and a sandwich bar.

After those forays into the highways and byways of business they have returned to the need for public relations in the small business world. More important they have, they claim, worked out how a small business can do an effective public relations job for itself without paying the sizeable fees that the professional consultants charge. They are about to start the series of seminars in do-it-your-

self public relations for small businesses at their offices in Chalk Farm, north London. "No, we are not shooting ourselves in the foot," says Sylvia Holder. "So often we have found that small businesses needing public relations will not be able to justify a consultant's fees on their limited budgets. Yet there is so much that a small business can do for itself at small expense and

with consequent saving in advertising. They became aware of an unfulfilled demand for public relations teaching while running a series of seminars arranged by the English Tourist Board for hotels and tourist businesses. Their own joint fee income, since the business was started with a modest capital outlay of £500, has ranged from £120,000 in a good year to £30,000 in a bad year.

Their seminars will cover the preparation of press releases, how to be interviewed, how to capitalise on strengths and manage crises, how to hold a press conference, how to organise pictures that appeal to the press, and how to maintain a steady presence in the local media.

An interesting point has arisen from the response they have had to their advertising. Far more women than men want to attend the seminars. Does this mean that women are now more active on the small business scene? Or are they simply more aware of the value of good public relations? Holder Swan Public Relations, 70 Chalk Farm Road, London, NW1 8AN. Tel: 01-267-6022.

Charles Batchelor R.H.

IN BRIEF

If funding rises to exceed the £200,000 level management responsibility will be taken from the small business's own accountant. It will then be administered directly by UCB Invoice Discounting, which has developed the scheme with Berkeley.

AS SMALL businesses grow they frequently find that their in-house management teams lack some of the skills which are required in a larger

business. A problem for many firms is that they are not yet quite big enough to afford the services of a personnel manager or a finance director full-time.

One answer is to lease an executive on a part-time basis or full-time for a limited period until the problem is solved or the company is large enough to employ a specialist full-time. The result has been a growth in the number of executive leasing businesses which maintain a register of managers available for short-term assignments.

A number of the companies active in this field plan shortly to set up an Association of Temporary and Interim Executive Services. The

association will probably start with between five and seven members but once formed should contribute to a further growth in the sector, says Charles Russam, managing director of GMS Consultancy.

One reason for Russam's optimism about further growth of this sector is the large number of senior managers who are now available because their company has been taken over. These people, typically earning around £50,000 a year, are usually too old to start a second career with a new firm but they can maintain their income by consultancy. Working for one small firm would not be challenging enough for such people but

by spreading their time over two or three companies they can maintain their own interest and at the same time meet the small firms need for part-time assistance.

Leasing an executive may be less expensive than employing someone full-time but it is still not cheap. GMS estimates its consultants would charge between £275 and £375 a day for their services. GMS's shortest assignment was for nine days but on average it leases out executives for periods of three months.

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MOTORING/ENVIRONMENT

Jaguar roars back to its best

Stuart Marshall tries one of the poshest models in the XJ6 range

WHEN THE new Jaguar XJ6 series saloons made their long-awaited debut three years ago, the critics were unanimous. They said that the cars looked like proper Jaguars, had the most marvellous ride, could have done with a bit more urge and that the bar-graph instruments were an abomination.



The four-litre engine Jaguar Sovereign: classic looks, a wonderful ride and some welcome extra muscle

A fortnight ago in Scotland I tried one of the poshest models in the latest Jaguar XJ6 range, the £32,500 Sovereign 4.0. I'm happy to say that all is now well. Three years on, the looks and ride are as good as ever, the proper needle and dial instrumentation is now worthy of a classic luxury car and no-one could say that the car feels underpowered.

The new engine runs on leaded or unleaded petrol, for the first time, a catalytic converter will be a Jaguar option in Britain. The price for this is £350 - and the reduction in power output is so slight I doubt an environmentally conscious owner would be aware of it.

Even so, the catalyser-equipped four-litre engine is still just a little bit more muscular than the old 3.6 litre without a catalyser (223 bhp against 221 bhp). Its torque (pulling power) is 26 per cent higher, and there are further benefits from the electronic management systems for engine and four-speed automatic transmission.

I drove a route from Dunkeld to Braemar via Glen Shee and Glen Clunie, then on to Dufftown and Granton-on-Spey before returning to Dunkeld by the A9. It had been raining down when I arrived. However, the next morning Scotland showed a face that would have delighted the chairman of the Highlands and Islands Tourist Board himself. It was magnificent, with bright sun, azure skies and gin-clear air. In the hills, you could see for 30 miles.

The spectacular scenery, empty roads and the Jaguar Sovereign's performance, handling, lack of tyre noise and sheer finesse made for perfect motoring. Whether swooping along the curving switchbacks of the glens, climbing narrow mountain roads, or making best progress along two-way stretches of the A9 heavy with

lorry traffic, the Jaguar was superb.

It felt as nimble as a smaller car, was never caught wrong footed and raised its voice only when the transmission was in sports mode. Then it became so eager to change down and zip up to high revolutions that it felt almost fussy on twisting gradients. Holding third with the selector and exploiting the engine's torque was the answer.

A new five speed manual gearbox, which I did not try, is available. Anti-lock brakes are now standard on all XJ6 Jaguars.

Prices are from £21,200 for the entry model XJ6 with a 2.9 litre engine to £36,500 for the grandest Daimler 4.0 litre. The 3.6 engine is still used in the XJ-S but will soon be replaced by the four litre.

SAAB, too, has introduced a new engine - its first for 15 years. Having experimented with a V6 - there is no way an

in-line six could be squeezed crossways into the front-drive 9000 - it decided to stay with four cylinders. This is not, its engineers stress, because it was the easiest and cheapest solution, but because it fits the overall Saab car concept.

"Saabs transport people, not engines and driveshafes," is how Per Gillbrand, chief of petrol engine development, justifies the choice. The less room the engine takes up, he says, the more room there is for five people and their luggage. This applies even in a large car: the 9000 is spacious, with a huge boot.

The 2.3 litre engine has 16 valves and, for the time being, is naturally aspirated. It puts out 150 horsepower at 6,500 rpm and uses twin balancing shafts (licensed by Mitsubishi), to minimise vibration. A look under the bonnet shows there is ample room for the turbo-charger and intercooler, which are bound to follow before long.

Like Jaguar, Saab prefers chains to toothed rubber belts for the camshaft drive. They are, it says, quieter, longer lasting and more reliable.

I first tried an automatic, then a five-speed manual 2.3 litre Saab 9000 saloon in Sweden last week. Maximum speed means nothing in Sweden. The 110 kph (68 mph) motorway limit is widely respected and the invitingly empty country roads are restricted to 90 kph (56 mph).

The 2.3 litre lacks the sometimes disconcerting kick-in-the-back acceleration of the two-litre turbo. It will gradually replace in the 9000 series. (It won't fit in the old Saab 900 because it is too high). However, it develops a lot of torque at modest rpm, which encourages the driver of a manual car to stay in the fuel-saving top gear.

Standing start acceleration is respectably brisk. Pick-up in fourth and fifth in the 60-100 kph (37-62 mph) and 80-120 kph (50-75 mph) ranges is better, Saab says, than that of some rivals with larger, six-cylinder engines. The five speed gearbox - Saab's own - is good if not outstanding and I preferred the automatic car; its German ZF transmission is similar to the Jaguar's. Saabs are cars of integrity, not fashion. They are masculine in feel, solidly built and have suspension that treats bad roads with contempt. Ergonomics - the driving position, instrumentation and control layout - are what you would expect of a company that makes aircraft and cars.

The 2.3 litre engine is made in a new plant in which people are heavily outnumbered by computerised machines and robot vehicles, taking components from one work station to another. It will only be fitted in conjunction with a catalytic exhaust system. The first cars to arrive in Britain with the new engine will be the up-market Daimler models, due to be unveiled in the London Motor Fair in mid-October. By early next year other 2.3 litre 9000s will become available. They will probably be less than £1,000 dearer than the current two litre non-turbo cars. That is not bad value because the buyer gets catalytic exhaust emission control as well as a bigger and better engine.

BMW at centre stage

BMW GETS its own back at Frankfurt Show, which opened this week. Upstaged at Geneva in March, by the new Mercedes SL sports convertible, BMW is back in the limelight with its V12-engined 850 coupe.

This elegant two-plus-two has the same five-litre 300 horsepower engine as the 750 saloon, the car that has temporarily replaced the veteran S-Class Mercedes as the benchmark in top managers' transport. The V12 750 saloons are automatic only but the 850 coupe will be offered with the ZF six-speed manual gearbox seen already in the Chevrolet Corvette ZR-1. Its top speed is limited to 155 mph (250 kmh).

Among a bagful of on-board electronics is a system that monitors tyre pressures. If one has a slow puncture, a warning light shines and a digital readout displays a recommended safe maximum speed for the soft tyre. The car goes on sale next year and will cost around £55,000 in Britain.

More down to earth is the new Peugeot 605, successor to the 505 and stable companion to the Citroen XM. The two cars share many components - though not the XM's pneumatic hydraulic suspension - but could hardly look more different.

The 605 is a clean-lined, front-wheel driven four-door saloon. There is a family resemblance to the 405 and - dare one say? - even a hint of the Toyota Lexus about it. Which goes to show that given the same requirements, car designers come up with similar answers, whether they are in France or Japan.

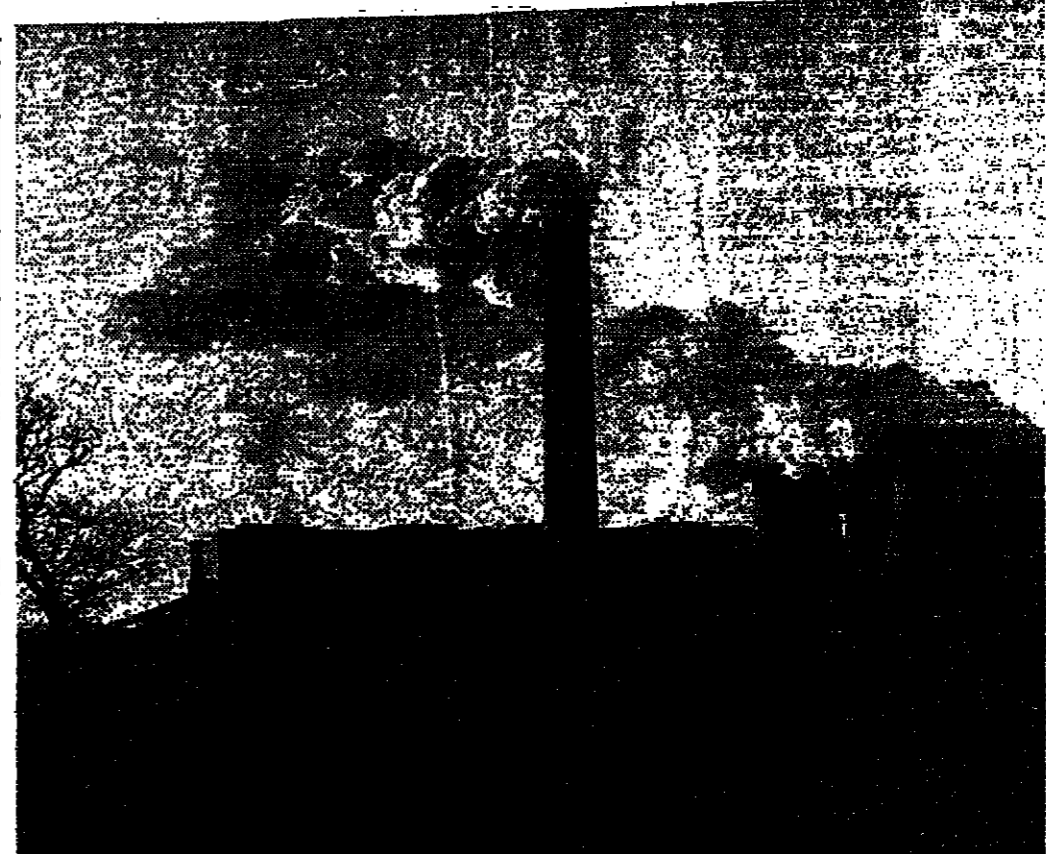
The 605 range is centred around a three-litre V6 producing 170 horsepower in a 12 valve version, 200 horsepower with 24 valves. The conventional spring and shock absorber suspension has electronic management which will feature typically British interiors with walnut veneer and leather.

There will, though, be two-litre, four-cylinder 605s to persuade 405 owners to trade-up at trade-in time. The new car will be launched in France in October at between FFY 120,000 and FFY 240,000 (roughly £11,000 to £20,000).

Mercedes-Benz is showing versions of the 300E saloon and 300TE estate car with the 24-valve engine first seen in the SL sports convertible. The new S-Class is not expected to surface before Paris Show a year from now but at Frankfurt Mercedes-Benz scores a European first with a five-speed automatic gearbox in mid-October. This will be available in both 300 E and TE as well as the 300 SL.

Britain's Land Rover Discovery, a bid to wrest back sales lost to Japanese makes in the recreational four-wheel drive market, made its debut at Frankfurt. This Range Rover-based, but lower priced, car has a carburettor version of the familiar 3.5 litre V8 or a new 2.5 litre direct injection diesel.

More of these and other Frankfurt newcomers, among them the 1990 Honda Accord and a remarkable VW car of the future, next week.



Creating a market for pollution

Norman Myers considers President Bush's radical clean-air proposals

DURING 25 years of working in the conservation cause, I have often thought that environmental needs are in fundamental conflict with economic needs. Recently, though, I have come to find that they can sometimes work together. Witness the case of anti-pollution measures. A sound way to clean up our ever-more polluted environment is to mobilise the very people who messed it up in the first place. That is to say, the industrialists and other market entrepreneurs.



Consider some US experience. In June President George Bush announced proposals for an updated version of the Clean Air Bill. Bush wants to sidetrack the regulators and the armies of lawyers who have introduced a labyrinth of flat legal requirements, and exploit a "market for pollution." His argument is that a system of pollution permits will be more flexible administratively and more efficient economically.

The traditional response to pollution has comprised command-and-control measures on the part of big government. While it is satisfying to environmentalists to tell polluters simply to stop or, at least, to conform to some minimum standard, the law can be a blunt instrument. A ceiling for pollution levels becomes a floor, too. The factory owner who wastes control equipment has no incentive to pollute even less than the level established, nor to invest in still more efficient anti-pollution technologies.

President Bush is trying to move beyond blanket control measures by setting pollution totals for entire industrial sectors that produce acid rain pollutants, urban smog and airborne toxics. He then leaves it to individual enterprises to devise the most productive ways to conform - including a system of "pollution rights."

While many environmentalists would feel appalled at the thought of such permits to pollute, there are surprising benefits. For instance, an electric power company that switches to low-sulphur coal can then sell its "credits" (the unused portion of the emissions it is allowed) to a company that prefers to stay with dirty coal and pay the difference.

Everybody gains. The coal-switching company cuts its costs through sale of its credits, and the non-switching company cuts its costs by buying pollution rights instead of being forced into a sudden reduction of its emissions.

Through these imaginative measures, Bush hopes to halve his country's acid rain emissions by the end of the century. This would bring an ironic smile to some of the chief sufferers of America's acid rain, the Canadians. It was a University of Toronto economist, John Dale, who first propounded the idea of pollution permits in 1967. His idea has been slow to catch on because many environmentalists have been revolted by the idea of a licence to pollute.

The new approach derives from experimental efforts with the "bubble" concept, which certain American cities such as Pittsburgh and Houston have employed to counter pollution. It works like this. An urban authority determines the amount of total pollution to be permitted, after which it issues permits for trading in a pollution market. This means that if a new industry wishes to set up business, it must first buy enough pollution permits to cover the amount of pollution it plans to emit (supposing pollution-control devices are not cheaper).

These permits can be purchased only from an enterprise that already holds permits and can be persuaded there is commercial advantage in selling them. An additional option is that local conservationists may want still less overall pollution than mandated. So - as has happened in a good number of instances - they can buy up a number of pollution permits and simply "let them" in order to keep them off the market.

Instead of imposing an absolute standard, the new strategy offers scope for constant adaptiveness and cost-saving measures, whereas the earlier approach fixed a permanent standard to which polluters accommodated themselves as best they could (whereupon they, and everybody else, tended to forget about it). The new approach induces unremitting pressure for ever more efficient initiatives. It also recognises that some degree of pollution will always be with us: even saintly produce unwanted emissions. The question to which we must face up

is: "How much pollution shall we allow?" The answer surely will change with shifting needs and opportunities. According to the US Environmental Protection Agency, emissions-trading practices to date - limited though they are - have saved the nation \$5bn in air pollution control costs during the 1980s, with equal or better environmental protection than would be the case through command-and-control measures.

The market-place approach is reflected in a major policy analysis presented by US senators Tim Wirth and John Heinz in their recent report called *Project 88: Harnessing Market Forces to Protect Our Environment*. It lists 36 proposals for harnessing entrepreneurial initiative. For example, there is a scheme drawn on the familiar deposit-refund scheme for recycled bottles. This would be applied to the larger problem of toxic waste-dumping so that when a company markets toxic chemicals, it would incorporate into the price a deposit fee, refundable when the end-product consumer turns in the waste for recycling or disposal.

All the report's 36 proposals look at ways for economic incentives (and disincentives) to get the most environmental protection out of every dollar invested via the market-place. This radical strategy has had an airing through market-place trading in lead-free petrol quotas. It might soon be extended to marketable permits as the most efficient way to phase out CFCs. And it all adds up to a new alert on the old saw, "Where there's muck, there's money."

Friends of the Earth. The burning of the rainforest is currently the greatest environmental folly on Earth. Last year an area the size of Belgium was torched. This year promises to be as bad, with ever more CO2 being pumped into the atmosphere, aggravating the Greenhouse Effect. But Friends of the Earth can actively help prevent such devastation by putting pressure on governments and companies. There's no earthly reason not to join us, and help extinguish the fires. YES! I WANT TO SUPPORT FOE. I'd like to join FOE. Please send me your quarterly magazine, £2.00 Ordinary £3.00 Unwaged, senior citizen, student, and/or. I'd like to donate £100 £50 £25 £15 Other £. I enclose a total of £. payable to Friends of the Earth, or debit my Access/Visa No: Signature Name Address Postcode 01 200 0200 to join/donate anytime. Scud to Jonathan Porritt, Friends of the Earth, FREEPOST, 80 Lawrence Road, London N15 4BR

Bridge

MY FIRST hand today appeared two weeks ago. Let us look at it again: By a stupid error, for which I apologise most humbly, I gave the club 10 to West and the three to South. This ruined the whole hand. Let us replay the hand in its correct form.

Bridge hand diagram showing cards for North, South, West, and East. North: A 10 8, 9 7 5 4 2, 7 5 2, 8 6 3. South: K Q J 9 6, K 9 7 4 2, A J 10. West: 4 3, A Q J 10 5, A K J 3, 8 3. East: 10 8 6 4 2, K Q, 7 3, A Q 10 6 5, A Q 10 4.

South dealt at game to East-West, and started with one spade, West overcalled with two hearts, North said two spades, and South's bid of four spades concluded the auction. West led the diamond ace, ruffed in hand, and the declarer took stock.

To proceed on crossruff lines was no good - it would produce only nine tricks - so he decided to set up clubs. He cashed the ace, dropping the queen on his right, and followed with the king. East won with the king and shrewdly led back the eight of hearts to force dummy. South played the nine, West covered with the 10. If dummy ruffs, the clubs are a frozen asset, so a diamond was thrown. Now West was in trouble. After consideration he led the heart ace, which was ruffed in dummy. Now South was able to get home by a crossruff. He ruffed a diamond and then played his king of

hearts. When this stood up, victory was in sight. The extra trick provided by the heart king allowed South to make 10 tricks on a crossruff. Should West, instead of the heart ace, lead the diamond king, the extra trick is provided by the diamond queen, and once again the crossruff is in order.

My second hand comes from *Winning Card Play* by Hugh Kelsey, recently reprinted in paperback (Gollancz £ 6.95): With North-South game, South deals, and bids one diamond, West overcalls with one spade, North says one no trump, East says two spades, South jumps to five diamonds and all in mid-October. By early next year other 2.3 litre 9000s will become available. They will probably be less than £1,000 dearer than the current two litre non-turbo cars. That is not bad value because the buyer gets catalytic exhaust emission control as well as a bigger and better engine.

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West opens with the ace of spades and continues with the queen. How should you play? You must not win with dummy's king because you do not know at this stage whether you should discard a club or a heart. So keep the options open, play low, ruff in hand, and draw trumps. Now you play your club ace, queen, and overtake with the king. This play presents East with a Morton's Fork dilemma. If he decides to withhold the ace, you discard your other heart on the spade king. You can afford to lose the club finesse, and still make the contract; if East takes and leads a club, you enter with your ace, cross to dummy's heart knave and discard your three clubs on dummy's two heart winners and the king of spades.

E.P.C. Cotter S.M

Chess

GARY KASPAROV has won the World Chess Cup and its record tournament first prize of \$100,000. Kasparov tied with his great rival Anatoly Karpov in the final event at Skelleftea, Sweden, which followed five other all-play-all stages in various European cities.

The overall results table, based on each competitor's three best performances, was predictably dominated by K and K. Kasparov was winner or joint winner at Belfort, Reykjavik, Barcelona and Skelleftea, while Karpov's successes at Brussels and Skelleftea were supported by second places at Belfort and Rotterdam. Only in the Dutch city, where Jan Timman exploited Karpov's collapse in the closing rounds, and Barcelona, where Lubo Lubotjevic was officially first on tie-break from Kasparov, was the K-K duopoly interrupted.

In terms of World Cup points, Kasparov, 83, and Karpov, 81, finished far ahead of the next player, the Russian Valery Salov on 69%. The best British results were John Nunn in sixth place with 65% and Nigel Short equal seventh on 63%. Jonathan Speelman, next month's world title semi-finalist, was well in arrears. Short was in contention for first prize for most of the tournament at Skelleftea where he fell back to third with a last round defeat. His overall performance could easily have been better, as at Rotterdam where he missed a clear win in his individual game against Karpov. His claims for an eventual world title match against Kasparov have not been enhanced, but neither have they been stymied; the other potential challengers like Tim-

man were also inconsistent. The generous World Cup prize funds marked a new level of prosperity for top chess professionals, yet it remains doubtful whether its Grand Prix concept can be permanently established. An unknown town like Skelleftea has its name projected in world media for a month, but the publicity return is less clear for major chess events. The World Cup event costs at least half a million dollars. Rotterdam was jointly sponsored by the Swift banking transmission network and the Dutch telecommunications company PTT Telecom, its support receiving few mentions. Live television coverage is restricted by the ancient rule, dating from the Fischer era, that filming is only allowed for the first ten minutes of play. The World Cup organisers, however, are pressing ahead with plans for a new series starting 1990 or 1991 with even larger prize funds.

John Nunn, a former Oxford mathematics lecturer, has had some outstanding playing successes which include the individual gold medal at the chess olympics. His form in 1987-8 was variable but he has shown excellent form in the World Cup series. At Skelleftea he was poorly placed near the end but a run of three wins in four games transformed the position. Nunn finished the World Cup the leading grandmaster from Western countries, behind four Russians and a Yugoslav; while his combative victory in this week's

PROBLEM No. 790. BLACK 4 MEN. Chessboard diagram showing a 4x4 board with pieces on squares a1, b1, c1, d1, a2, b2, c2, d2, a3, b3, c3, d3, a4, b4, c4, d4. WHITE 4 MEN.

White to move; what should be the result? Only kings and pawns remain on the board, and both sides are limited for choice; but the answer contains some hidden surprises. Solution Page XXIII. Leonard Barden

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**SOMERSET** Ilminster 2 miles, Mainline station (Waterloo) 7 miles. A most impressive Grade II listed Regency house in a magnificent setting. 4 receptions, kitchen/breakfast room, office suite, library, study, 5 bedrooms, all with en suite bathrooms, attic rooms. Formal garden. Orchard & paddock. About 6 acres.  
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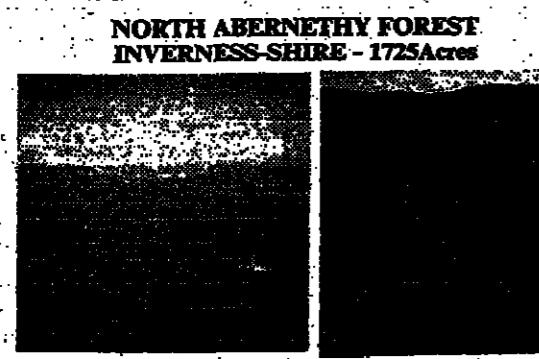
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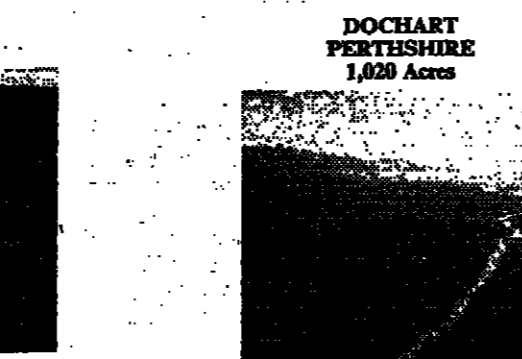
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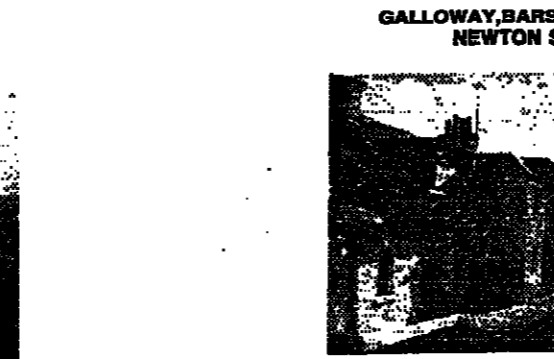
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PROPERTY

Suffolk . . . land of eastern promise

Michael Hanson looks at an area - just an hour from London - where £1m still buys plenty

**P**ROPERTY prices may have stopped rising in Suffolk, but they still seem cheap compared with London and south east England.

What will £1m buy in Suffolk? Almost any house in the county, other than stately homes such as Ickworth or the grander racing properties at Newmarket. But for only £300,000 one can buy a Grade II house that was once part of the Ickworth estate or a licensed training establishment just outside Newmarket; £150,000 will buy a thatched country cottage almost anywhere in the county.

No wonder Michael Green, of the Ipswich office of Savills, described East Anglia as the "land of eastern promise."

Now that British Rail has electrified the line from London's Liverpool Street station to Norwich, Ipswich can be reached in 65 minutes, which has persuaded many City workers to emigrate from Fulham to Framlingham or Farnham, where properties are half the price.

Last year, Knight Frank and Rutley set a new high for a country house in Suffolk when they achieved just over £1m for Sternfield House, near Saxmundham. This Grade II Queen Anne, former rectory was altered and extended extensively in the 1960s by Raymond Erith for Sir Eric Penn, Comptroller of the Lord Chamberlain's office.

Sternfield is where Strutt and Parker's Ipswich office (tel: 0473-214841) is now inviting offers of £235,000 for Brook Farm, a Grade II listed 18th century house with heated swimming pool and six acres of gardens and paddocks.

This year, Knight Frank and Rutley have again been through the £1m mark with the sale of Windmill Castle, a Grade I medieval, moated castle and Tudor manor house on the Norfolk border, near Diss.

In Newmarket, Warren Towers has been sold by Bidwells and Januaries to a Middle Eastern buyer with racing interests. This 14-bedroom house in four acres next to Henry Cecil's stables was built about 1880 for Sir Daniel Cooper, one of Newmarket's greatest benefactors, who died in 1909. Warren Towers was sold for "around £1m," says Jock Lloyd-Jones, of Bidwells, who,



Spexhall Manor, former home of the reclusive Ralph Calvert, is on the market at £1.1m. It has potential for restoration

against the experience of other agents, claim to be having their best year ever.

To demonstrate the continued strength of the top end of the market, Overway House, a seven-bedroom, late-Victorian house in four acres at Nowton, near Bury St Edmunds, has just been sold for £425,000.

The buyer was able to pay cash, having just sold his previous house, Balsam Manor, for over £750,000. "Agents have to judge very carefully whether to take the cash bidder or someone who makes a lot of noise about being willing to pay more but who still has his own house to sell," agent Jock Lloyd-Jones says.

Jonathan Penn, of Strutt and Parker's Ipswich office, says: "There is no problem in finding buyers; the problem is finding people who are able to proceed. Even those with bridging finance will not proceed until their own sale is fairly certain. If people want to move they must be more realistic because prices are no longer rising."

In the case of Overway House, Bidwells was joint agent with Jones Lang Wootton, whose Newmarket office (tel: 0638-661123) is inviting offers of £230,000 for Chestburgh Hall, the Grade II listed 17th century farmhouse near Bury St Edmunds that was once part of the Ickworth estate. This has a large lake in its five acres of gardens and grounds.

Jones Lang Wootton is also inviting offers of £300,000 for Priory House Stables, a licensed training establishment at Exning, near Newmarket, which has a four-bedroom house, 23 loose boxes and a paddock.

Prudential Property Services in London (tel: 01-493 6226) is seeking £225,000 Vinten House, a five-bedroom house with an acre of garden, overlooking the village green at Hartest, near Bury St Edmunds. Michael Green, of Savills's Ipswich office (tel: 0473-236191), has three houses he expects to fetch more than £1m. Jointly with Hockley and Co

(tel: 0473-236622), he is asking £1.2m for Erwarton Hall, a wonderful Grade II, Elizabethan manor house on the Stour estuary, eight miles from Ipswich. At the head of its four acres of gardens is a remarkable Tudor gatehouse with nine brick chimneys.

From 1905 until 1976, Erwarton Hall was leased from the Berners' estate by the Admiralty as the home of commandants of HMS Ganges, the Royal Navy's shore training establishment at Shoreley Gate (where a 350-bed marina was constructed in 1967 and the former schoolhouse known to generations of cadets was converted into 40 flats for sale by Woolwich Homes and Potton Developments).

When HMS Ganges closed in 1976, Erwarton Hall was sold. It is now owned by Oliver Nizmenko, a property developer, who bought it for under £1m less than a year ago. Since then he has completed its refurbishment, including the construction of a swimming pool and gymnasium complex,

which is separated from the main house by a conservatory.

Offers of £1m are being sought by Savills for Dalrymple House, a former rectory next to the early-Norman parish church of St Mary in the village. For the past nine years, this Grade II listed house has been restored and modernised by John Hart and his wife, Freya, the daughter of cartoonist Roy Llyett and, under her professional name of Freya Miller, manager of pop singer Shakira Stevens (this is why many of her walls are hung with gold and platinum discs).

Dallington House has 20 acres of gardens and grounds, including a new stable block, indoor swimming pool, hard tennis court, a schooling ring and railed paddocks.

Savills is seeking £1.1m for Spexhall Manor, near Halesworth, which was owned until his death a year ago by Ralph Calvert, a 94-year-old recluse who inherited the house from his mother, Susan Calvert,

elder sister of the 6th Baron Sherborne. Her husband, Edmund, who died in 1930, moved from Manchester, where his family had made its money from Calvert's Carbolic Tooth Powder.

Ralph Calvert was a prolific amateur photographer. In his collection were some photographs of the actress Phyllis Calvert, but I have been unable to trace the family connection, since her maiden name was Bickle and she married Peter Murray Hill.

Spexhall Manor has tremendous potential for anyone willing to tackle its restoration, for this Grade II listed house is moated on two sides and dates from the 16th century, although it owes its external appearance to substantial alterations carried out in 1906. It is for sale with 80 acres of land, four cottages, stables and extensive outbuildings.

A few fields away is Mann House, a six-bedroom farmhouse with a barn, a granary and loose boxes in its grounds of 1.5 acres. It is for sale through Strutt and Parker's Ipswich office for £225,000.

There are properties on the market in Suffolk for more than a £1m. These include the 147-acre Ashe Abbey estate at Campton Ash, for which John D. Wood (tel: 01-493 4106) is asking more than £1.5m; the 670-acre Elmsett Hall estate and the 465-acre Pannington Hall estate, both near Ipswich, for which Strutt and Parker has guide prices of £1.5m; and the 522-acre Chadstone estate near Bury St Edmunds, for which Savills is asking more than £2m.

At the other extreme, there are thatched cottages such as the Grade II Hiltcham House, near Framlingham - Strutt and Parker is asking £139,500, or Huntsmans Cottage, near Nacton, for which the same agent wants £150,000.

Conversions include Cross Maltings, at Hadleigh, which was made into six houses four years ago by local developers Dow Bramston. The managing director, Chris Dow, lives in one of these, the Oast House, which he is now selling through Ian Bruce, of New Malden (tel: 01-9423781) for £198,000.

These Victorian maltings adjoin Hadleigh's conservation area.

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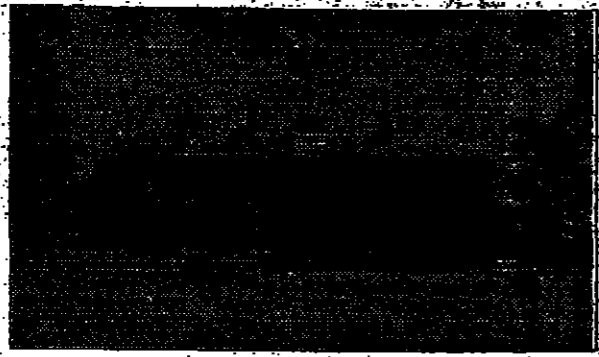
See Open: Dulwich, Surrey, SE21 4QJ, Tel: 0181 771711

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ipwiche

# SAVILLS



### AVON - Norton Malwood

Bristol 6 miles (Paddington 80 minutes), Bath 12 miles, M4 (junction 18) 15 miles.

Substantial classical Georgian manor house, surrounded by landscaped gardens with beautiful views to the south over its own lake.

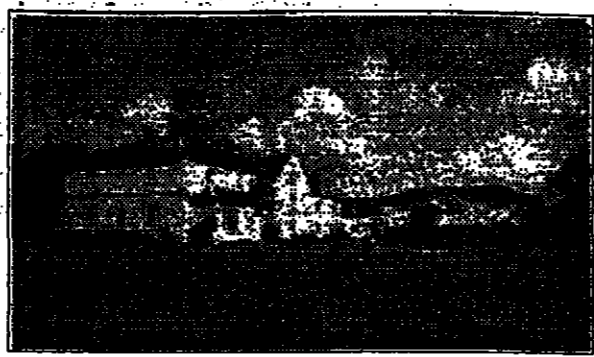
Entrance hall, drawing room, dining room, study, breakfast room, utility room, cloakroom, master bedroom with en suite dressing room and bathroom, guest bedrooms suite, 3 further bedrooms, 2 family bedrooms.

Indoor swimming pool, staff flat, gymnasium, coach house with 2 first floor flats. Beautiful landscaped gardens including lake and walled kitchen garden.

About 5.2 acres.

Region of £1,200,000.

Savills, Bath. Tel: (0225) 444622. Contact: Harry Downes.



### SUFFOLK - Woodbridge

Woodbridge 6 miles, Alderburgh 14 miles, Ipswich 12 miles (Liverpool Street Station 65 minutes).

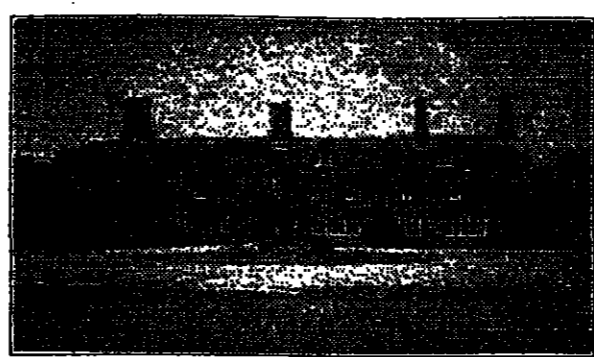
Substantial Grade II former old rectory with superb accommodation set in mature formal gardens and grounds.

5 bedrooms with en suite bathrooms, 1 bedroom with en suite shower room, sitting room, drawing room, dining room, study, principal kitchen/breakfast room, nursery, laundry room, secondary kitchen, flower room, 2 cloakrooms. Oil fired central heating, cellars, separate Au Pair flat, office and games wing incorporating full sized snooker room. Two bedroomed cottage, newly built stable block with 7 loose boxes and groom's flat above, outbuildings, further outbuildings, indoor swimming pool complex, hard tennis court, post and rail fenced paddocks including schooling ring. Lake, formal gardens.

In all about 20 acres.

Offers in the region of £1 million.

Savills, Ipswich. Tel: (0473) 226191. Contact: Michael Green.



### SUFFOLK - Halesworth

Halesworth 3 miles, Ipswich 28 miles (Liverpool Street Station 65 minutes), Norwich 28 miles.

Magnificent small country estate set in a totally secluded rural position. Superb walled Listed manor house.

Panelled reception hall, drawing room, dining room, library, billiard room, study, sitting room, domestic quarters.

About 61 acres.

For sale in 4 lots.

Offers invited.

Savills, Ipswich. Tel: (0473) 226191. Contact: Mark Oliver.



### SUFFOLK - Shotley Peninsular

A12 6 miles, Ipswich 8 miles, Colchester 17 miles.

An impressive Grade II\* Listed Elizabethan manor house in immaculate condition with exquisite gatehouse surrounded by formal gardens with views over the Stour Estuary.

Entrance hall, cloakroom, Elizabethan manor hall with minstrel's gallery, sitting room, dining room, kitchen, scullery, laundry room, 2 principal bedroom suites, 2 further bedrooms, 1 bathroom. Staff/second floor accommodation comprising 2 bedrooms, sitting room, kitchen and bathroom.

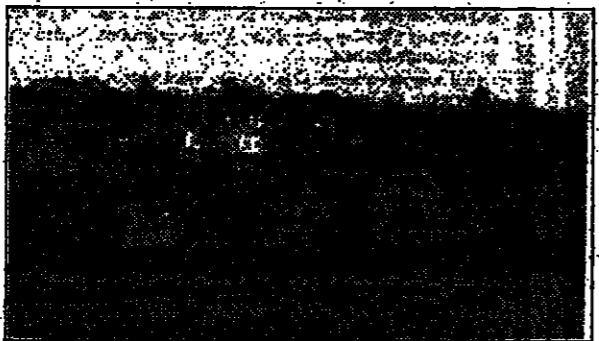
Gas fired central heating, superb swimming pool complex, hard tennis court.

Separate immaculate cottage comprising: Bedroom, bathroom, kitchen and sitting room.

In all about 3 acres.

Offers in region of £1.2 million.

Joint agents: Hockley & Co. Tel: (0473) 230622. Savills, Ipswich. Tel: (0473) 226191. Contact: Michael Green.



### SUFFOLK - About 522 ACRES

#### Bury St. Edmunds

Newmarket 15 miles, Cambridge 23 miles, London 99 miles.

Unique country estate ideally suited for hotel/golf course development and other leisure opportunities, subject to planning.

Magnificent Grade II listed mansion in beautiful parkland. 3 excellent houses, 5 cottages. Range of traditional buildings with development potential. Productive mixed farm with substantial milk quota. Sporting woodlands and ornamental lake.

For sale as a whole or in lots.

Savills, Ipswich. Tel: (0473) 226191.

Savills, Norwich. Tel: (0603) 612211.

Savills, London. Tel: 01-499 8644.

Contact: Justin Macking or Charlie Yates.



### ESSEX - South Weald

M25 and A.12 Access 1 mile, Brentwood 2 miles (Liverpool Street Station 38 minutes).

Magnificent and splendidly remodelled former old vicarage, renovated and modernised to the highest standards standing in immaculate landscaped grounds.

Magnificent dining hall, drawing room, sitting room, conservatory, 6 bedrooms, 2 bathrooms, 2 shower rooms. Indoor swimming pool, traditional stable block, cottage and groom's flat, outbuildings, lakes, lakeside games room, helicopter hangar and pad, paddocks, woodland, landscaped gardens and grounds.

About 38 acres.

Savills, Chelmsford. Tel: (0245) 269311. Contact: John Gibson.



### KENT - Near Sevenoaks

Sevenoaks 7 miles (Charing Cross/Cannon Street 28/30 minutes), M20 3 miles, Central London 22 miles.

Fine Grade II\* sixteenth century manor house set in exquisite gardens in need of sensitive modernisation.

4 reception rooms, library, billiard room, conservatory.

8 bedrooms, 3 bathrooms, garaging, stabling.

Attractive gardens, paddock.

About 10 acres.

Excess of £500,000.

Savills, Sevenoaks. Tel: (0732) 455531.

Contact: Richard Page or David Slack.



### HERTFORDSHIRE - Much Hadham

A10 5 miles, Bishop's Stortford 5 miles, Ware 6 miles, M25 15 miles, M11 7 miles, Stansted Airport 7 miles, Central London 29 miles.

Spacious family house adjoining open parkland situated in this popular village.

Reception hall, drawing room, library, dining room, kitchen, utility room, cellar.

6 bedrooms, 3 bathrooms and 2 second floor rooms.

Indoor swimming pool, hard tennis court, triple garage.

Gardens and grounds.

In all about 1 1/4 acres.

Savills, London. Tel: 01-499 8644. Contact: Henry Pryor.



### SOMERSET - Langford Budville

Wellington 5 miles, Taunton 10 miles, M5 4 miles.

Fine seventeenth century Grade II listed country house set within superb grounds.

4 reception rooms, reception and main hall, 10 bedrooms, 3 bathrooms.

4 bedroomed annexe.

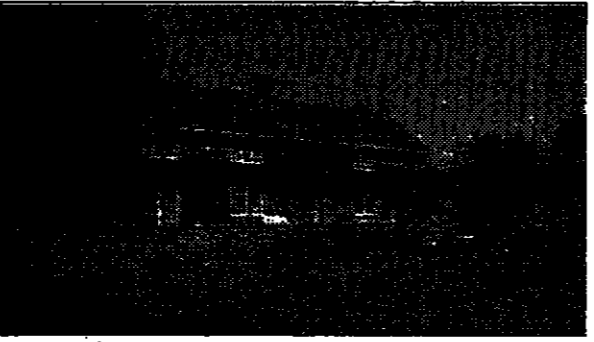
Former chapel and cottage for renovation.

Gardens and grounds extending to about 7 acres.

Joint agents: Gribble Booth & Bayly, Truro. Tel: (0684) 256041.

Savills, Salisbury. Tel: (0722) 20422.

Savills, Exeter. Tel: (0392) 411023.



### SOUTH DORSET - 276 ACRES

#### Chideock

Bridport 4 miles, Lyme Regis 6 miles.

Residential stock farm with superb views on the South Dorset coast.

Fine period stone 6 bedroomed farmhouse.

Stone barn with consent for 3 holiday units.

Attractive pair of farm cottages.

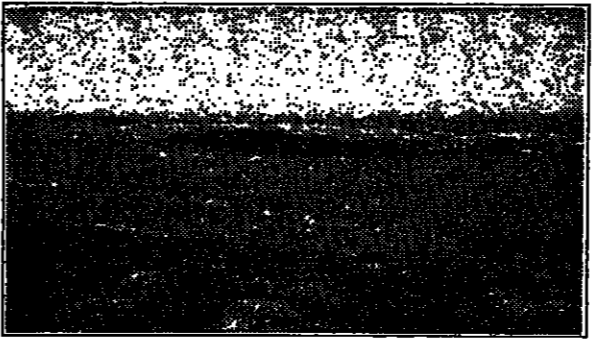
Extensive range of covered space for livestock housing.

South facing beach with views to the sea, amenity lakes and woodland.

For sale as a whole or in 3 lots.

Savills, Wimborne. Tel: (0202) 887331. Contact: Nick Sweeney.

Savills, Salisbury. Tel: (0722) 20422. Contact: Nigel Foerster.



### SCOTLAND - 746 ACRES

Edinburgh Airport 48 miles, Newcastle Airport 74 miles.

Outstanding rural development opportunity with potential for expansion in a totally unspoilt coastal location with direct access off the A1.

Outline planning consent for 120 bed spaces and country pursuit centre.

Established equestrian centre with indoor arena.

62,000 sq. ft. of existing buildings.

Trout loch.

Mansion house (6 bedrooms) and 7 holiday cottages.

Offers over £650,000.

For sale as a whole by private treaty.

Savills, Edinburgh. Tel: 031-226 6961.



### BANFFSHIRE - River Deveron

Aberdeen Airport 41 miles.

1/4 mile double bank salmon fishings with a luxurious house set in exceptionally beautiful surroundings.

House: Hall, 2 reception rooms, kitchen, 4 bedrooms, 3 bathrooms.

Triple garage and rod room. Delightful gardens.

3 bedroom ghillie's cottage.

1/4 mile double bank salmon fishing.

8 named pools. Fishing hut.

Average catch 164 salmon and 102 sea trout.

About 26 acres.

For sale as a whole with vacant possession.

Savills, Edinburgh. Tel: 031-226 6961.



### WILTSHIRE/ SOMERSET BORDER - About 156 ACRES

Frome 3 miles, Bath 20 miles, Warminster 3 miles, Longleat 3 miles.

An outstanding golf course development site adjacent to main trunk road in growth residential and tourist area.

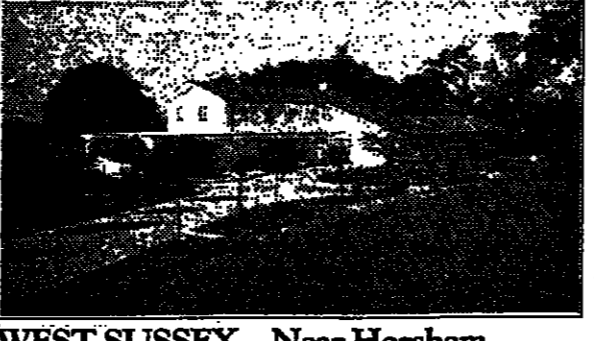
Outline consent available for 18 hole golf course, driving range and clubhouse.

2 residential dwellings and umbrella buildings.

Garden nursery site.

Savills, Wimborne. Tel: (0202) 887331. Contact: Nick Sweeney.

Savills, Bath. Tel: (0225) 444622. Contact: Mark Grimes.



### WEST SUSSEX - Near Horsham

Horsham 3 miles (Victoria/London Bridge 50/55 minutes), A23/M23 3 miles, Gatwick 14 miles.

Rare opportunity to purchase this luxurious modern home in an outstanding setting.

4 reception rooms, 5/6 bedrooms, dressing room, 2 bathrooms, garaging, indoor swimming pool complex.

Exceptional landscaped grounds with views towards the South Downs.

About 7 1/4 acres.

Further land may be available.

Offers in excess of £800,000.

Savills, London. Tel: 01-499 8644. Contact: Paul Finnegan.



### WILTSHIRE - Kingston St Michael

M4 (junction 17) 2 1/2 miles, Chippenham 3 miles (Paddington 65 minutes), Bath 15 miles, Bristol and Swindon 19 miles.

Substantial nineteenth century rectory, set in well-stocked gardens with a tennis court and paddock.

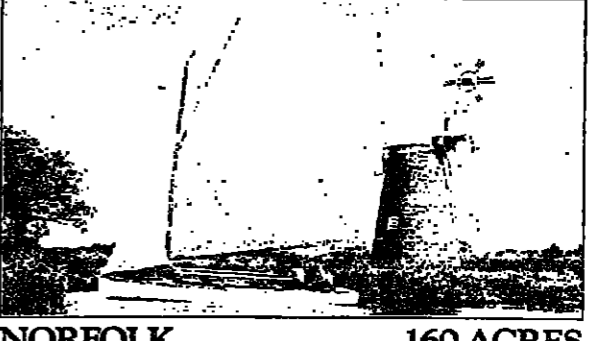
Entrance hall, 3 reception rooms, study, Smallbone kitchen, sewing room, utility room, 2 cloakrooms, 7 bedrooms, 2 bathrooms, large attic.

Attractive garden, hard tennis court, paddocks, stables and barn, garage.

In all about 5 acres.

Offers in excess of £500,000.

Savills, Bath. Tel: (0225) 444622. Contact: Harry Downes.



### NORFOLK - 160 ACRES

#### Coltishall

Norwich 7 miles.

Outstanding hotel/golf and leisure complex development site.

A superb opportunity to create a hotel with conference, 18 hole golf course and country club facilities adjoining Britain's newest National Park.

Outline planning permission.

In England's fastest growing region.

Large tourist and catchment area populations.

Unspoilt, wooded countryside.

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For a colour brochure with full details of this exciting development opportunity please contact:

Savills, Banbury. Tel: (0295) 263535. Contact: Alan Plumb.

Savills, Norwich. Tel: (0603) 612211. Contact: Christopher Miles.

01-499 8644 20 Grosvenor Hill, London W1X 0HQ

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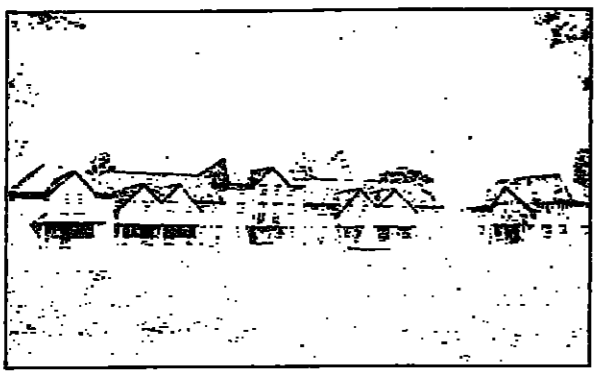
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A delightful Grade II listed 19th century luxury country house hotel  
12 individually styled letting bedrooms each with private facilities. Restaurant, 3 function/meeting rooms, Fishing lake. Planning permission for 6 further letting bedrooms and a private dwelling.  
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**An elegant Regency house surrounded by beautiful grounds and parkland**  
5 reception rooms, cellars, 6 bedrooms, 4 bathrooms. Nursery wing with 3 bedrooms, bathroom and sitting room. Coach house with billiard room, party room. Traditional stabling for 4. 3 bedrooms staff cottage. Heated swimming pool. Hard tennis court. Impressive gardens and grounds. Paddock and woodland.  
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**An outstanding Georgian house protected by its own policies on the edge of a peaceful estate village**  
3 reception rooms, 7 bedrooms, 4 bathrooms. River lodge and cottage. Superbly maintained gardens. 2 1/2 acre paddock. Frontage to the River Almond.  
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**A substantial William and Mary house listed Grade II\* standing in a pretty walled garden**  
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Now skilfully restored to form 2 exceptional Georgian town houses. Bellent House - 3 reception rooms, 5 bedrooms, 3 bathrooms, lower ground floor accommodation, conservatory, garden, garage. Woodward House - 3 reception rooms, 3 bedrooms, 2 bathrooms, conservatory, garden.  
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20 Hanover Square, London W1R 0AH Telex: 265384 Telephone: 01-629 8171

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Both 15 miles. Frome 2 miles. Warminster 6 miles.



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A delightful 17th Century Listed manor house with great hall, library, dining room, 6 bedrooms, 3 bathrooms. Modern 3 bedroomed cottage. Stable yard with 8 boxes. A range of modern farm buildings including covered yards and barns. An attractively landscaped trout lake and stream with about 9 1/2 Acres of pasture.  
In all about 102 Acres. For Sale by Private Treaty with Vacant Possession as a Whole or in Lots.  
Marple Wharf, 210 Lower Bristol Road, Bath. Tel: (0225) 447575. 127 Mount Street, London W1Y 5HA. Tel: 01-499 4155.

**MALVERN, WORCESTERSHIRE**

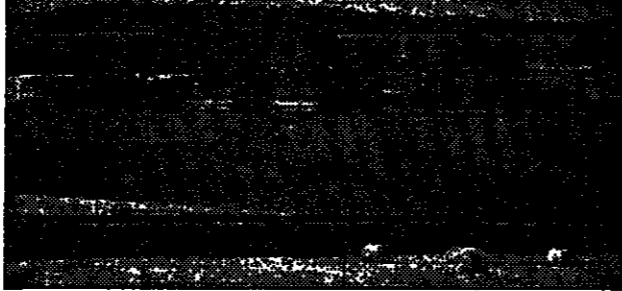
Worcester 7 miles. Birmingham 35 miles. M5 9 miles



**A fine complex of Listed buildings, presently a convent, well located in the edge of a town with good communications and having considerable potential for Developers and Institutional Purchasers.**  
4 buildings with chapel and cloisters presently arranged as 5 sitting rooms, dining hall, 26 offices, 82 bedrooms, laundry and storage. Gardens and grounds of 13 Acres.  
Adjoining self-contained building with 3 reception rooms, study, kitchen, servery and storage, 16 bedrooms and 4 bathrooms. Gardens of 0.65 Acres.  
Two parcels of adjoining amenity land.  
In all about 3 Acres. Freehold for Sale as a Whole or in 4 Lots.  
Joint Agents:  
Cluttons, Haywards Heath Office. Tel: (0444) 441166 and London Office. Tel: 01-499 4155 and Whitt, Yates & Ridley, Malvern. Tel: (0664) 573232.

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**A most productive Agricultural and Residential Estate in the Merse of Berwickshire.**  
Attractive 5 bedroomed 18th Century house. 2 pairs of modern cottages and stone cottage. 50,000 Sq.ft. of Modern Farmbuildings. 2 traditional Ranges of Buildings with Potential. Highly fertile arable land - 67 Acres. 850 Acres. For Sale as a Whole or in 5 Lots. 6 South Charlotte Street, Edinburgh. Tel: (031) 225 8602. 127 Mount Street, London W1Y 5HA. Tel: 01-499 4155.

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**A fine late 14th Century farmhouse, Listed Grade II\*, retaining its interesting and carefully restored period features.**  
In a pleasant rural setting adjoining farmland, hall, drawing room, sitting room, dining room, study, kitchen/breakfast room, cloakroom/shower room, utility, principal bedroom suite, 4 further bedrooms, dressing room, and 2nd bathroom. Conservatory. Garage and workshop. Large garden.  
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5-bedroom period Farmhouse in need of improvement and adjacent coach house. Substantial produce store and implement buildings.  
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**CORNISH MANORS ST IVES/PENZANCE**  
Superior Holiday Homes from only £32,950  
New 2/3 bedroom Holiday Homes in grounds of Cornish Manor. Indoor pool and lots of facilities. Full management services. Self financing. CAPITAL GAINS TAX RELIEF  
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Attractive country house in 1 acre landscaped grounds. 4 double beds, C.H. fully modernised. Beautiful rural setting between Carmarthen and Cardigan coast.  
£165,000  
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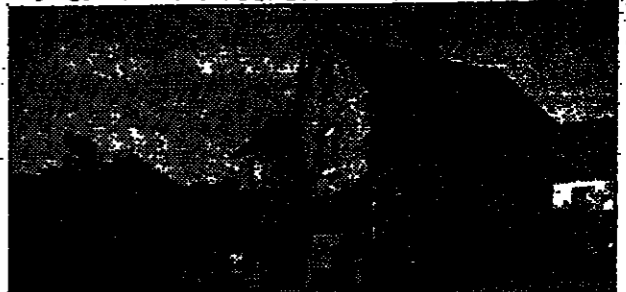
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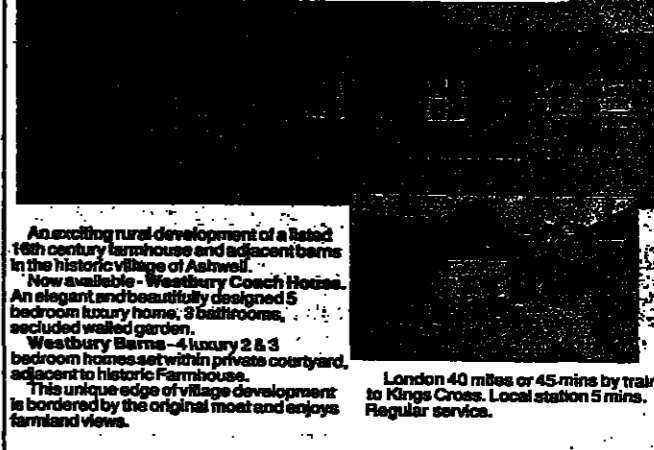
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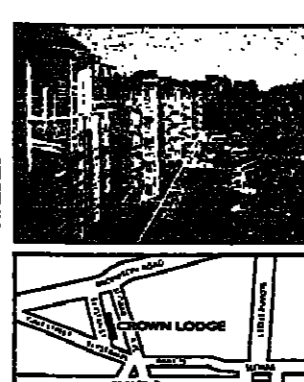
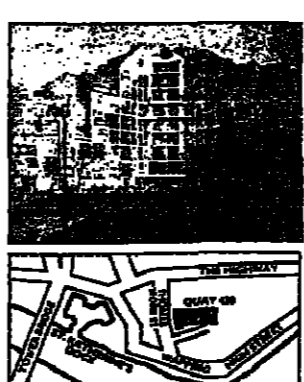


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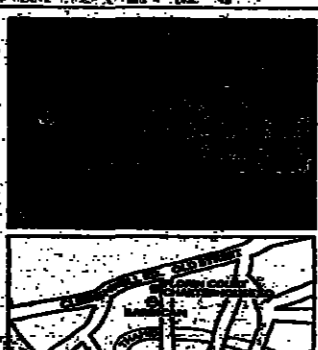


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DIVERSIONS

**T**HIRTY YEARS ago National Service had just ended, the colonial service was winding down, and the concept of Voluntary Service Overseas was born.

The prime mover behind the idea, Alec Dickson, a former British Government official in Nigeria and UNESCO adviser, had seen how young people from the West rushed to help frightened, hungry refugees fleeing Hungary after the Russian invasion of 1956. He noted how this sense of being on "active service" helped those volunteers mature to manhood in a matter of days. In 1958, he and the Bishop of Portsmouth wrote to the *Sunday Times* outlining a concept called "The year between," to raise the awareness of young people of the human needs and the development process in their own countries and overseas. This was to evolve into the VSO.

Alec Dickson and his wife, Mora, ran the fledgling organisation from their kitchen table. There were few funds in the first year, the only donations coming from Essex, Shell, some trusts and Inter Church Aid, so they cajoled free passages for volunteers on oil tankers or aircraft.

The young people who set out for far-flung places of the Falkland Islands was one of the most sought-after postings — were primarily school leavers, offering good intentions but little practical skill. It was acknowledged that they would gain as much, if not more, from the experience than the receiving country.

The typical 18-year-old volunteer was infinitely adaptable and flexible, recalled Alec Dickson. "We looked on every volunteer as a catalyst. Come the holidays I told them, 'I'll expect you to have led a group of youngsters to build a community centre. When you come back, you should have left behind a group able to contribute to their community.'"

Development aid was then in its infancy, as was the concept of the Third World.

It was in such a climate of opinion that volunteers such as Roger Martin set out in autumn 1959. Martin remembers being idealistic — he had joined CND at school — and a strong Christian.

He remembers being apprehensive and unsure if he could do what was expected of him. "Alec Dickson posted four of us into the colonial service. My title was Learner District Assistant (Volunteer) in Northern Rhodesia, very much that of a career Colonial Officer on his first year's assignment."

# Will the next volunteer please step forward?

Alastair Guild on the work and origins of the VSO



VSO forester Corin Millais and colleagues planting a tree nursery in Uganda

After one month, Martin took charge of the country's only development project, the drainage of a flood plain. "There were 1,000 blocks, backing away with shovels. It meant travelling up with the wages and vaguely keeping an eye on things. I was the only white person and felt very lonely. I concealed my incomprehension by puffing away at cigarettes."

Martin later graduated from Oxford, came top of the Commonwealth Relations Office exam and became a diplomat, ending his diplomatic career as deputy high commissioner in Harare. He resigned, disenchanted with the diplomatic service, and wrote a book about sanctions.

The world has moved on, and developing countries are now demanding more than just good intentions and abundant energy. The average age of current volunteers is now nearer 30 than 20; qualifications are usually degree level and above, and practical experience is required. Gone is the colonial service with its missionary zeal, replaced by a world-wide aid industry. What place has a volunteer in this world?

Neil McIntosh, VSO's director, eschews any attempt to define the model volunteer. "A brash extrovert on a Pacific

Island would possibly drive not just himself but everyone else crazy. There is scope for infinite variety among the 1,163 volunteers now in the field. We expect a mixture of altruism and self-interest, and a desire to travel and experience different cultures and to attain a level of responsibility difficult to find back home."

**V**olunteers have become more varied as the jobs they are asked to do have diversified. The proportion of volunteer teachers and teachers-in-training fell from 54 per cent in 1980 to 42 per cent in 1987. The switch towards the health, business, agricultural and technical sectors reflects the divergence of world economies over the last 30 years.

VSO is trying to move away from the use of the term "volunteer," to reflect its members' growing professionalism. Their contribution is distinct, however, from the aid and assistance provided at government-to-government level, and from the large-scale programmes of multilateral agencies such as the World Bank, other development banks and UN agencies.

British volunteers pride themselves on working at a level of development and resources which host countries

should be able to sustain once the volunteer leaves. Crucial to that is the provision of a local counterpart to work alongside the volunteer and eventually assume responsibility for the project.

VSO believes that the effectiveness of its volunteers depends on them living in a style similar to the host country's people. VSO insists that the host country pays the volunteer the local salary and provides accommodation. This is one safeguard against volunteers "undercutting" local staff.

These conditions raise questions about the likely success of VSO's current drive to attract more people in mid-career from industry, commerce and the public sector. To date employers who are willing to release staff for two years or more and then take them back, have the exception rather than the rule. "The British business sector can be pretty short-sighted about secondments, though I believe, thank God, that that is starting to change," said Christopher Patten, former Minister for Overseas Development.

Now, on its 30th anniversary, there are rumblings of radical change at VSO. Kevin Curley, VSO's field director in Dar es Salaam, believes that

field offices should now more actively seek out projects in which to become involved, rather than wait for requests from the host country.

"VSO could put together its own multi-disciplinary projects for funding by bilateral and multilateral agencies."

There is no reason why VSO should not attract European Development Fund money for a project it puts together, according to the EEC officer in Dar es Salaam. Like any non-government organisation, however, it would then have to relinquish some of its freedom and fall into line with the overall goals of the project.

There is also scope for volunteers to work more within official British aid projects. "The Overseas Development Agency is trying to channel resources towards community-based poverty alleviation programmes," said Bob Smith, First Secretary, Development, at the British High Commission in Dar es Salaam.

He points to the lower operational costs of using a volunteer rather than a technical co-operation officer contracted by the ODA. It costs £50,000 to maintain a TCO overseas for a year, compared with the £7,000 for costs VSO in travel and training costs for a volunteer, with the salary paid by the host country.

There are sensitivities, however, about non-government organisations such as VSO working within official British aid programmes — Volunteers, for their own reasons, apply to work for VSO, not the ODA, and they cherish VSO's independence from government — particularly in deciding placements. One example of VSO's freedom from influence is in the placing of volunteers in the African National Congress in Tanzania.

This freedom is envied by other countries' programmes.

Mrs Lynda Chalker, who took over from Chris Patten in July this year, is keen to continue to foster relationships with non-government organisations. She has particular regard for VSO — she knows its work well. "The value of a spell with VSO is something which is increasingly recognised here in ODA; several of my officials, including the new Permanent Secretary, Tim Lankester, had their first taste of the Third World with VSO. I hope to work even more closely with all the voluntary organisations in the future."

# The rabbi who reaches beyond the grave

**T**WO GENERATIONS ago, a Jerusalem rabbi sailed up the Amazon to visit one of the world's more remote Jewish communities. He succumbed to a tropical disease and was buried in Manaus in 1910. The rabbi's mission was to raise funds for his yeshiva (school) and improve relations between Jews and Christians.

While the success of his fund-raising efforts has gone unrecorded, Rabbi Salom Moyal has triumphed beyond his wildest dreams — or nightmares — in reconciling Jew and Gentile.

Nobody is quite sure why, but over the years belief in the rabbi's miraculous powers grew and today the people of Manaus worship him as a saint. The deeply religious Brazilians make little distinction between the sacred and the superstitious.

The rabbi's haunting tombstones, with an inscription in Portuguese and Hebrew, have already had to be changed once after it began to split from so many burning candles. Small marble plaques bearing inscriptions of gratitude surround the grave. Pebbles, flowers, coins and congealed wax from dozens of candles testify to the strength of the rabbi's following.

The pebbles scattered over his grave recall the Jewish tradition of venerating the burial places of rabbis. Throwing a pebble on the tomb is both a mark of respect and a sign that the grave has been visited.

The Christians of Manaus have even copied Jewish tradition by intensifying their visits to Rabbi Moyal's grave on the eve of Jewish New Year.

Even the adherents of Umbanda, the uniquely Brazilian blend of African animist and Christian beliefs that is a distant relative of Haitian voodoo, venerate Rabbi Moyal's resting place.

Recent evidence of an Umbanda ceremony — a small bottle of firewater and the remains of a burnt offering — lie at the foot of his grave. Olga Costa da Silva, who works at the flyblown cemetery, says she often prays to the rabbi, sometimes with stunning effect. Brimming



with pride, she said: "My son used to be an alcoholic and a bum. So I asked the rabbi to help. Now my son neither smokes or drinks and he has become a born-again Christian."

The rabbi's grave is considered an important shrine as the chapel built over the grave of Santa Eulvia, a local Roman Catholic who was raped and murdered at the time of the rabbi's death. Her elaborate tomb, a pebble's throw from the rabbi's resting place, is also covered with flowers, coins, and candles.

A few plaster casts of deformed limbs left in gratitude for a miraculous cure stand propped up in a corner of the tiny chapel.

Da Silva says she has recovered from a mysterious illness, after she prayed to the Saint. However, the rabbi's magical powers do not overwhelm the city's secular services. A yellowed notice in the cemetery administrator's office warns all functionaries that drunkenness will not be tolerated: anybody reporting drunk for work on payday will not be paid.

Excluding inbred cemetery workers, it seems that the small Jewish and Muslim communities of Manaus are the only groups not to recognise the rabbi's powers. Eli Moyal, the rabbi's nephew and a former Israeli vice minister of communications, once tried to remove his uncle's remains to Israel. But a furious outcry from the rabbi's Roman Catholic devotees quickly changed his mind.

Manaus has about 100 Jewish families, most of them descended from Moroccan Jews fleeing poverty in the early 19th century. They were among the first Jews to settle permanently in South

America. They had heard of the fortunes to be made by trading rubber in the Amazon. Brazil had been opened to immigration, following independence from Portugal in 1821, and the end of the Inquisition encouraged Jewish migration from North Africa.

Riverborne Jewish pioneers bartered food and hardware for rubber from Iquitos in Peru to Belem at the mouth of the Amazon. They helped open the Amazon hinterland, became landowners and created great fortunes. They founded trading houses in Manaus, which was briefly the richest city in Brazil at the height of the rubber boom.

Jose Laredo, president of the Manaus Jewish committee, described how his forebears enthusiastically embraced some famous Brazilian customs. He said: "The traders would have one woman at each point along the river and they would have four or five children with each one. Most of their women were Indians, but their children would cling to some Jewish traditions or symbols without really knowing why."

That is probably how Rabbi Moyal's cult following began. Today, the traders' half-Indian descendants can sometimes be found in remote, forgotten settlements along the Amazon's rivers. Some mixed families would decide that the first-born son would be a Jew, while the other children would be raised as Roman Catholics.

"Jewish" Indians are immensely proud of their heritage. While some of them still consider themselves to be Jewish, bear Jewish names and sometimes drop by the Manaus synagogue on holy days, they are considered fully assimilated by the community's leaders. A wave of Arab immigration from Lebanon and Syria, after the disintegration of the Turkish Empire, later displaced the Jews' dominance of the Amazon's trading system. The two communities are too busy making money to revive antagonisms and get along well together. Too well. Brazilians often grumble. They complain that they can never tell whether they are being fleeced by a Jew or an Arab.

John Barham

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TRAVEL

It's true what they say about Norway

Christian Tyler longs for the smell and litter of England after spending two weeks in the wilderness

IF EVER there were a year for going to Norway, this was it. A long, peaceful ferry crossing instead of an airport scrum; a cooling break from England's hottest summer for a hundred years. It was that last in London, it was bound to be sub-Saharan in France. This was the year to sacrifice a prejudice and to discover that what unkind people say about Norway is not true. Unfortunately, it mostly is true. Norway is very clean and rather dull. The people are very clean and rather dull. Norway is Switzerland without the dirt and frenzy. I never imagined I would look forward so much to the smell and litter of England. But, returning to Harwich at the blowy end of August I felt as a Sicilian must feel on sighting Palermo after a wet month in the Lake District. Cleanliness and dullness may not be vices, but they certainly take a lot of the fun out of life. Nor do you have to be lazy to find the famous, novel and sharp tang of foreign humanity a necessary component of foreign travel.

The Norwegians live in a true wilderness, one of the last in Europe. They are so few in number that they leave little impression on their majestic habitat. Their roads are well maintained and, away from the coast, almost completely empty. Their houses are neat wooden farmhouses with ornate balconies and red-painted beams sprinkled about as in scenes from New England. Here is an occasional strip of cultivation: there is a lakeside chalet with its rowing boat and outboard motor. The villages are absurdly strung out, as if the householders lived in fear of meeting one another. The country churches, far from being the focal point of the community, are often tucked out of sight.

Pine forests, rocks and water provide a seamless and ultimately monotonous refrain. I had not realised how much landscapes need people to give them character. To enjoy his emptiness requires a certain kind of disposition. Perhaps we southerners simply lack it. (But didn't I have to go to Italy before he found his voice?) Walking up the mountainside one day I came to a place where a stream crossed the timber-cutters' track. Beside the stream sat a grey-haired man, alternately lighting a pipe and filling his pipe and gazing over the endless fir-tops below. He was enjoying his day off. I wanted to ask him what he was thinking about, then realised that he had come up here precisely in order to avoid such questions.

We stayed in the province of Telemark at a purpose-built resort called Vrdal on the north side of Lake Nisser. The main (perhaps only) place of real cultural interest in the area is Rjukan where, during the Second World War, the "Heroes of Telemark" sabotaged the heavy water plant and thus helped prevent the Germans from building an atom bomb. The small industrial town, built round the Norsk Hydro works, lies squeezed in a narrow ravine under the wild Hurdanger plateau. In the turbine-generator hall of the power station under the waterfall, a small and eloquent museum commemorates the trade unionists who stood up to the German occupation and General Quisling's treasonable Fascists. Today, Rjukan looks

sadly like a town whose moment has passed. The museum reminded us of the ties of sentiment that link Norway and Britain, signalled perhaps in the great courtesy shown us by the people we managed to meet. But the Norwegians' anglophilia is not easily reciprocated: Norwegians themselves realise that their Nanny State is a terrible disincentive to foreign visitors. You do not have to be a lager lout to find the system a strain. It is not just that the food is unimaginative and the drink very expensive and hard to obtain (our nearest State wine shop was 35 miles away, and luckily we had taken our own supply). There is a cautious, wet-blanket attitude to life that seems to pervade everything: shopping hours, rules of the

road, entertainment. The nearest disco was 15 miles distant and was barred to our under-18-year-olds. The shower had a safety catch on it. I even saw cows with rubber tips on their horns. The fact that it rained almost every day of our holiday while the rest of Europe was roasting did not help. But it does not really explain my negative reaction to Norway. I have frequently holidayed in the Scottish Highlands in far worse weather without feeling quite so despondent. One mistake was to expect summer fun for all ages from a resort which turned out to have been built for skiers. We were two adults and five children. The lakeside chalet, or cabin, was advertised as accommodating eight but was

really only big enough for four - or six at the outside. The bathroom was so designed that you could not shower without creating a biblical inundation. The "spectacular" view from the cabin window was not of dappled lakes and misty mountains, but of the next row of cabins. The village of Vrdal turned out to be a short line of expensive souvenir shops and two expensive supermarkets. For amusements we found ourselves largely at the mercy of the resort's near-monopoly owner. The nearby fun park at Ro, on which we had pinned some hopes, closed the day before we turned up thereby saving us a cool £50 in admission charges. If it had not been for the Vrdal Hotel swimming pool, sauna and jacuzzi, I really think the troops would have

mutinied. For once, the travelling proved better than the arriving. The 24-hour crossing to Kristiansand in one of those slab-sided floating hotels was the high point of the trip. The ship catered to slot-machinists, Lego-lovers, disco-dudes, film fans and foodies. It featured a cleverly-made tropical conservatory for drinking and dancing and comfortable cabins to collapse in. Therefore to anyone with Norway on their summer holiday list, I say: take the boat, take plenty of books and plenty of wine - and plenty of care in choosing your hut. We went c/o Fred Olsen Holidays, via MS Braemar from Harwich to Kristiansand. Prices at Vrdal Cabin Park for a fortnight, from end-June to end-August, range from £280 to £570 per person according to numbers per chalet. Rates include return ferry crossing for car and passengers and cabin on board. Shorter stays and two-centre self-catering holidays available.

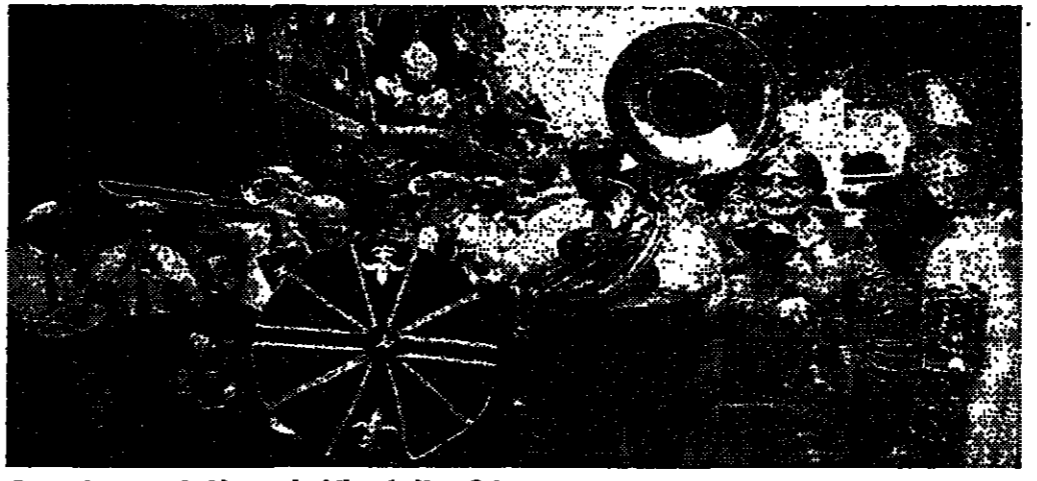
THE MOST revealing approach to New Orleans is by road. As you head south from the industrial wasteland of Baton Rouge you veer away from the Mississippi and climb on to a twin-track causeway that cuts directly across the Delta. Among groves of cypress and evergreen oak, swathed in Spanish moss, you glimpse bleached wooden cabins perched above the water on stilts. In the evening, mist seeps up to enshroud the causeway so that you feel as if you are heading for a place of mystery, a remote redoubt in an unknown land. The illusion is not entirely misleading. Although New Orleans is the tip of the Deep South, its location at the tip of the Delta has helped set it apart. Instead of the rather aggrieved parochialism of much of the South, it has welcomed, and delighted in, cultural diversity. And unlike the South, at best ambivalent towards its past, New Orleans wears its history emblazoned on its sleeve. Although it has a vigorous tourist industry, its identity is strong enough to ward off the contradictions that tourism brings. Some say the best time is the spring, when the air is at its most clear and balmy, but other seasons have their attractions. The winters are mild and temperate, make it a suitable retreat from Europe. The summers are cloyingly

hot, but that brings out another of the city's characteristics: a narcotic indulgence that Baudelaire could have been describing in *Les Fleurs du Mal*. Perhaps I am looking for I would not hesitate to return. The dreams of the first French settlers of the 18th century are still to be read in the criss-cross streets in the Vieux Carré, with its amiable hotels and their cool inner courtyards, the mural heart of New Orleans today. The French laid it out in the tight geometric pattern of a Renaissance city and one which they hoped would be worthy of their new-found territory of Louisiana. When the Spanish governed New Orleans at the end of the 18th century they promptly changed some of the street names. Times, with admirable pragmatism, the Rue Toulouse became the Calle Toulouse. After the French had taken the city back, it acquired a whole new set. Napoleon Bonaparte included New Orleans in the Louisiana purchase by which the fledgling US acquired one-third of its present territory for the bargain price of \$15m. Napoleon, whose death mask is on display in the Louisiana State museum, is still accounted one of the city's heroes: hence Asterlix Street, together with those named after his other great victories at Milan, Berlin, Marengo, and Castamiraglia. The first authentic American hero to be honoured was

Andrew Jackson, who defeated the pride of Britain's Peninsular Army, commanded by Wellington's brother-in-law, at the Battle of New Orleans in 1814. Jackson's victory is taken to have set the seal on American independence. It brought Jackson not only the US presidency but also the finest of all the French Quarter's squares, previously known as the Place des Armes. It is a measure of the city's eclecticism that you can eat baguets, a French-style doughnut sprinkled with powdered sugar, in the Cafe du Monde on the corner of Jackson Square. The best of 19th century New Orleans is to be found in the Garden District. When the first American settlers had arrived down the Mississippi on their flat-boats, the descendants of the French and Spanish, who called themselves Creoles, kept them out of the Vieux Carré. The Americans cleared a site two miles away across the swamp. As sugar, cotton and slavery multiplied their wealth, and New Orleans became the richest city in the US, their homes became ever more opulent, gleaming white weather-board mansions with

A heady cultural brew

Peter Gillman goes way down yonder in New Orleans



Compass, compass: it's carnival time in New Orleans

verandahs and porticos, following the Greek Revival style that southerners used as the exemplar of their wealth. Most have been immaculately preserved, garlanded with magnolia and jasmine which in summer contribute to the city's slightly overblown quality, a seductive fusion of fragrance and decay. The same can be said for the City of the Dead, several of which about the Garden Dis-

trict. Yellow fever took a terrible toll of Creoles and incomers alike, but it proved impossible to bury the victims in conventional graves because the swamp water promptly brought their coffins to the surface again. They were housed instead in marble sarcophagi which Mark Twain malevolently praised as the best architecture of New Orleans. There are no street names to

recall the Yankee commanders who occupied New Orleans for 15 years after the Civil War. Louisiana having cast its lot in with the Confederacy, defeat was the city's watershed and it never recovered its former wealth. Its most visible history since then is that of its underclasses, foremost among them the blacks whose marching bands gradually acquired the defiant syncopated beat which culminated in jazz.

Its home was Storyville, the red-light district adjoining the French Quarter, whose street names became familiar to traditional jazz fans the world over. Storyville has long since allure today, for most of the jazz has decamped to the tourist bars of the French Quarter; all that remains of the red-light area are some half-hearted topless bars. Canal Street is now best distinguished by electronic stores that offer the biggest bargains in the US outside 42nd Street in New York. Recently, a second underclass has been making itself heard. These are the descendants of the 7,000 French settlers deported from Nova Scotia in the 18th century, for refusing allegiance to the British flag. A hardy handful struggled south to set up anew in the Louisiana swampland. Since their settlement in Canada had been called Acadia, they became known as Cajuns. For two centuries they remained an isolated and withdrawn minority, shunned even by the Creoles, but now they are adding their contribution to New Orleans' cultural brew. While they have no street names as yet, their most characteristic talisman is their music, based on the accordion and fiddle, by turns mocking, furious and joyful. The best time to hear Cajun music is at one of the city's festivals which take place, in truth, almost every weekend of the year. The best-known is

Mardi Gras, a time of masks and magic, but it has outgrown even New Orleans' capacity to absorb incomers. It is better to save your energies for one of the specialist events, of which my favourite is the Jazz and Heritage festival, held each spring at the racecourse a ten-minute bus ride from the city centre. The event I am still waiting to attend is the Tennessee Williams Festival, held in March. It has been held for only three years, as the city has been surprisingly tardy in recognising one of its most illustrious former residents, possibly because his penchant for exposing the sexual undercurrents of life in a cosmopolitan southern city proved too much even for New Orleans. The apartment in the French Quarter where Williams wrote *A Streetcar Named Desire* bears no plaque, being known only by the name of the late-night deli underneath. As for the streetcar, that particular route stopped running in 1948. But there are still streetcars running in New Orleans - excellent value at 60 cents a ride - and there is also a street named Desire, which runs between Canal Street and the Mississippi. I travelled c/o Classic Tours (tel: 01 658-1870) and Delta Airlines. At present you can get a seven-night hotel stay for about £138-£217 via Classic; the air-fare costs about £250.

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BOOKS

'Include me out' movie mogul

Nigel Andrews on the life of Samuel Goldwyn

STARTING at an early age, Samuel Goldwyn invented himself. So says author A. Scott Berg, on page one of the most toe-crushing movie monograph of recent times. Five hundred densely-populated pages later (densely populated mainly by Goldwyn's warring egos), we are still not sure what Berg means. His riveting portrait of the many-sided mogul - monster, buffoon, miser, spendthrift, philistine, perfectionist, womaniser, misogynist - suggests that if Goldwyn invented himself he made the most frightful hash of it.

GOLDWYN by A. Scott Berg Hamish Hamilton £16.95, 553 pages

Fozes, The Best Years Of Our Lives; all bore the "quality" label of Goldwyn and his favourite director, William Wyler. And by the end of his career - he died aged 92 in 1974 - he had outlived virtually all his fellow European Jews, who in the century's dawn had fled tyranny to found Tinseltown.

Despite the artistic sheen of many Goldwyn films - often more sheen than substance - the man himself was an impresario with an eye to the main money. His brilliance as a businessman is never in doubt. Witness Berg's story of how, in his glove-salesman days, Goldwyn solved the problem of import duty on foreign goods. He had a consignment of right-hand gloves sent to one American port and of left-hand ones to another. The unpaid goods were deemed useless by customs-men and auctioned off. Goldwyn quietly went to each port and bought them at knockdown cost, matching the pairs up later.

Unfortunately, as Berg shows, Goldwyn was less good at handling people. As a star-maker, he could never find an female supernova to team with his regular leading man Ronald Colman. Goldwyn stars like Vilma Banky and Merle Oberon were no more than minor asteroids in the Hollywood galaxy. And his attempt to promote the woeful slaw

Anna Sten, spending millions on trying to turn her into Garbo. It is one of the great fiascos of movie history. Goldwyn's heritage is probably reducible to two things. On screen: a large number of sculpted, meticulous movies, vilified as much as vitalised by their "great" casts (Wyler's collaborations with camera man Greg Toland, for all their innovations in composition and depth-of-focus, never produced a film to touch Toland's rogue project for Welles, Citizen Kane). Off screen: Goldwyn himself, the incarnation of Moguldom.

It hardly matters whether Goldwyn minted his famed "Goldwynisms" himself or left it to his publicity boys; or whether a mickay - taking posterity invented (most of) them for him. Clearly Goldwyn's character inspired them. This balding, pugmastic meteor, flung across the skies by his own ambition, was a man who would never let anything as insignificant as the English language stand in his way.

Any biography must pay homage to the classic Samaprompts: "Include me out," "A verbal contract is not worth the paper it's written on" and the like. But Berg suggests that not all Goldwynisms were verbal. The best story in the book recounts the day the producer visited the set of Dead End, a scrupulously reproduced slum street complete with litter and refuse. Goldwyn took one look and declared "This set is filthy!" Before anyone could stop him, he was cleaning it up.

No wonder Wuthering Heights, Goldwyn's best-known



Sam Goldwyn with his wife, Frances

tussle with Great Art and the darker passions, Goldwyn was less good at handling people. As a star-maker, he could never find an female supernova to team with his regular leading man Ronald Colman. Goldwyn stars like Vilma Banky and Merle Oberon were no more than minor asteroids in the Hollywood galaxy. And his attempt to promote the woeful slaw

achievement of Samuel Goldwyn is Samuel Goldwyn. He has become not just a household name but a household archetype. He is the spirit of entrepreneurialism pushed to the edge of dementia. He was a man who believed everything was possible and set about proving it even if that meant riding roughshod over good manners, good artistic judgment and - goodness knows - good English.

Woman at the helm

THE THATCHER DECADE by Peter Riddell Blackwell £16.95, 236 pages

AT THE Conservative Party Conference in October 1988 Margaret Thatcher, who had just become the Junior Member of Ted Heath's Shadow Cabinet, delivered the Conservative Political Centre address. This is traditionally the most important of all the Conference's keynote events; but at the time few commentators noted her words: "There are dangers in consensus. It could be an attempt to satisfy people holding no particular views about anything... what is needed now is a far greater degree of independence from the Government and a comparative reduction in the role of government."

This was the first notable enunciation of Margaret Thatcher's distinctive political approach which, as Peter Riddell perceptively notes, has always been "essentially an instinct, a series of moral values and an approach to leadership rather than an ideology. It is an expression of Mrs Thatcher's upbringing in Grantham, her background of hard work and firm response, ambition and postwar satisfaction, duty and patriotism."

To mark the completion of the first Thatcher decade there has been a shelf full of substantial studies, most notably by Hugo Young and Peter Jenkins. In his own contribution, The Thatcher Decade, Peter Riddell has not set out to record how Neil (Kinnock) was used as a prime ministerial punch-bag at Question Time, or how Michael (Heseltine) stormed out of the Cabinet, or how Norman (Tebbit) fell from favour during the 1987 election campaign. But, as one might expect from an author who was political editor of the FT from 1981-88, he has set himself the more austere task of examining how the British economy and British society have changed by the impact of Thatcherite policies.



Mid-life crisis

Mary Hope reviews Margaret Drabble's latest novel

"AH, THE poverty of moral language, the poverty of discourse, the thin vagueness of words. Instinct, intuition, utility. Here sits Alix Bowen in her fifties, battling with these concepts as if they were a girl still, as though nothing had ever been settled and sorted as though there was still everything to play for." Indeed, and here sits Margaret Drabble doing just that (and isn't that what writers are for?); anatomising her generation, those who grew up as beneficiaries of the 1944 Education Act; and whose dreams of a better world have gone, for whatever reason, somewhat awry.

A NATURAL CURIOSITY by Margaret Drabble Viking £12.95, 309 pages

regularly visits. The problem is that while Drabble sometimes writes with a clear imaginative grasp of real, psychic horror (there are some nasty shocks in both this novel and the earlier one) her rational-humane instinct is to find a proper, tracing, psychologically party-line explanation for P. Whitmore's actions - and indeed, for the lesser transgressions of the other characters.

In The Radical Way Drabble concentrated on three women friends: Liz Headland, a successful, pushy psychotherapist whose marriage to a once-idealistic radical television producer crumbles before her unseeing eyes; Alix Bowen, teacher, social worker, conscience figure, who becomes deeply involved with a disturbed girl prisoner, who is killed by a decepting murderer; and Esther Brewer, art-historian, floating intellectual, who has been involved for most of her adult life in a kind of Jolie & Clair with an Italian professor with satanic interests.

Students of the good Doctor P. may start here. Drabble detailed their words with her usual transparent, down-to-earth rigour: an eye for the cruel subtleties of class distinction which were not eradicated by the radiant visions of the 1960s (and are now, since this is Britain, replaced by other, even worse, divisions); and an acute sense of the sheer moral and physical mess of Britain. This mess was mirrored in that work by a style mannered, tentative and yet wearisome, and repetitive: A poverty of discourse indeed. But at the centre of that book was the looming evil of the Horror of Harrow Road, the murderer whose existence posed the inescapable problem of how, in a rational, humane, post-religious world, the problem of evil is to be confronted. In A Natural Curiosity, Drabble takes up some of the same characters and attempts, yet again, to come to terms with evil, by concentrating on Alix Bowen's relationship with P. Whitmore, the now imprisoned Horror whom she

to apprehend the full weight of the symbols she wields, and then she shies away, back to a disordered, disorganised elliptical style with glances, deliberately, at explanations, problems, motives, challenging the reader to invent his own resolutions. This is all very well for a tutor and there has always been a magisterial side to this author - but it becomes a bore when such diversions intrude. Liz's sister, Shirley, drifts off to Paris after her husband's death and has a passionate, murky affair. "None of these endings seem very plausible... Shirley's behaviour for the last month has been highly unlikely. It astonished me, it astonished her, and maybe it astonished you. What do you think will happen to her? Do you think our end is known in our beginning? etc. etc." Well, if you really want to know what I think is that this kind of thing, is authorial cheek. Drabble's irresolution about the ultimate moral questions cannot be condemned: one would not expect her to know everything about everything, but one would expect a more ordered approach, a more complete, narrative, rather than what ends up fainting and weaving.

Drabble is one of our most intelligent writers and this sort of mid-life writing will not alienate those of us who admire her. The difference between normal dotiness and real madness is one of the things which worry her characters: as it preoccupies many of Drabble's contemporaries. If what one wants is not the perfect novel, but notes for thinking a lot about a lot of things, this could well be it.

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Man behind the mask

Geoffrey Moore on John Cheever

IT WILL obviously matter less to the reader of The Letters of John Cheever than it did to his worried son that John Cheever was bisexual - a fact revealed to his just-married son 12 days before John Cheever died, in June, 1982. We are more interested in whether the letters are enjoyable in themselves and also whether they throw light on how and why Cheever became one of the most successful short-story writers the New Yorker has produced.

born in Quincy, Massachusetts, the very heart of "old" New England, Cheever is more of a redskin than a paleface. He did not read much, he had no interest in ideas and he seems - judging from the ungrammatical early letters and the comic misspellings in the later ones - to have been clumsy with the mechanics of words. What he had was something much more important for a creative writer: a liking for people and the ability to receive

THE LETTERS OF JOHN CHEEVER edited by Benjamin Cheever Jonathan Cape £14.99, 331 pages

ate that liking on the printed page. He felt that life itself was a creative process and the secret of his success lay in the pleasure he obtained from drawing together disparate

incidents so that they formed a perfect facsimile - what T.S. Eliot called the "objective correlative." It was his love of life which dictated the pattern of Cheever's sexual ambiguity. This Benjamin has now revealed for his own therapy, one suspects, as much as for any other reason. John Cheever had an innocence, a child-like quality, which placed him beyond conventional mores and made whatever he did somehow acceptable. His

communications to young men are as genuinely loving as those to his women friends.

Many of the letters printed by Benjamin are to the friends who stayed with John Cheever all his life: Malcolm Cowley, William Maxwell and Josephine Herbst. But whether they are written to old friends, or to new ones like Tanya Litvinov and Saul Bellow, they maintain the same tone. They are immensely readable although they do not go very deep.

We now know, as a result of Benjamin's book, that there was a different John Cheever behind the imperturbable mask. It is to his son's credit that when he found out the truth he did not falter in his love.

SEPTEMBER NON FICTION

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Tales of the fantastic

THE PEOPLE of Fetherboughton, an imaginary village in the north of England during the 1950s, dislike originality, laugh at the misfortunes of others and "live in the hope of seeing a passing hunchback, knock knees or a bare lip." In this fairy tale, as grotesque and brutal as any told by Grimm, the devil takes many forms: a skulking tobaccoist and a bishop who wants to modernise the church against the wishes of the village priest whose religious pedantry conceals his lack of faith. Fludd, an alchemist posing as the curate, is the good fairy who transforms this desolate though blackly humorous scene with a kind of alchemy of character, an unveiling of the self in which a nun steps out of her habit, the mother superior undergoes spontaneous combustion and the bishop's hypocrisy is exposed. No one can actually remember Fludd's face for he is the catalyst, the agent of change who has no identity beyond the dreams others see in him.

FLUDD by Hilary Mantel Viking £11.95, 219 pages

on his riotous but more often dreamy days at Harrow, his inheritance of the crumbling, debt-ridden Newstead Abbey, the start of his "abominable trade" of varnishing, his enjoyment and dislike of women. The Memoirs of Lord Byron is an elegantly written book in search of a genre. It lacks the novelistic sense of a world discovered and often sounds like potted biography, the characters and event's in the poet's life strung together with minimal interpretation. When it becomes Nye's book, a kind of one-man show about Byron, it can be very effective. This is especially true in the chapter about his affair with his half-sister and in his humorous but loving descriptions of Shelley. Nye does distil a Byronic voice from all the echoes, one strangely detached from the poet's passionate, often violent adventures. Byron's reputation has always overshadowed the man; in Nye's book he sounds egotistical, callous yet capable of great generosity and humility, a less flamboyant figure than one imagined.

THE MEMOIRS OF LORD BYRON by Robert Nye Hamish Hamilton £11.95, 215 pages

CLIMBERS by M. John Harrison Gollancz £12.95, 221 pages

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man's first victim. There is a nod here to The Trial, the hero drawn into a mysterious labyrinth in which he is being punished for his very existence. The novel's mood of dread is infectious, but the narrative begins to drag in the last half, the angst diluted by Robinson's efforts to untangle an increasingly complicated plot, his witty and observant prose undermined by stretches of tedious philosophical speculation. Perhaps the realism of the novel jars too much with its metaphysical intentions, its miraculous events and unexplained evil.

Byron's memoirs were burned a month after he died. His executor wrote at the time that they "were fit only for a brothel and would damn Lord B to everlasting infamy if published." Robert Nye has written his own version of the memoirs, elaborating on what might have been, creating a character from myth. Byron writes from Venice, having been banished from England by threats of his wife to expose his incestuous relationship with his half sister Augusta. He looks back on a lonely childhood with a mad mother,

Through one tires of the descriptions of rock faces and holds the impenetrable language of climbing. Harrison's vision of the decaying back ends of cities, the moors defaced with waste, and of the physical and emotional detritus of a consumer society, is compelling. In the midst of all this ugliness the climbers search not for beauty but essence. On the crags they are never tourists - onlookers whom they scorn and pity - but for once they are the heroes.

Wendy Brandmark Philip Goodhart



BOOKS/DIVERSIONS

BE YOUR OWN BOOKER PRIZE JUDGE

Readers of the Weekend FT are being offered a unique opportunity to take an active role in judging the Booker Prize (£20,000) which celebrates its 20th anniversary this year. Any

Booker Prize

invitation for two to attend the Dinner and presentation of the Prize in the Guildhall on October 26 will be extended to the winner of our own Booker Prize competition. Full details of the competition and entry form will be published together with the Booker short list of six novels in next week's Books Page.

Churchill the failure

AT THE peak of his career in the Second World War, Churchill had a meeting with Lloyd George, Prime Minister in the First World War. Afterwards, a friend asked him, "How did it go?" Churchill replied, "We were immediately on the same old terms, just as we used to be. Master and servant." In truth it was Lloyd George who rescued Churchill from the consequences of political disaster.

CHURCHILL 1874-1922 by his godson Earl of Birkenhead Harvill £19.95, 552 pages

sent the Naval Division, mostly quite untrained, to hold Antwerp against the Germans and, more extraordinarily, proposed that he himself, an ex-cavalry subaltern, should command the operation.

The idea of sending the troops there was sound enough; unfortunately the resources to carry out the operation were lacking. "Worst of all 1,500 men blundered into Holland and were made prisoners. When Asquith, the Prime Minister, heard of it, he was not amused. One of his sons was in the expedition.

This was a comparatively minor setback. The Dardanelles - again a brilliant idea - was a major disaster. Churchill was blamed for both.

Particularly he was blamed by the Conservatives, who could never forgive him for the crime of crimes, that he, grandson of a duke, had deserted the party, and become a Liberal Minister.

Churchill departed to command a Scottish battalion in the trenches, a task which he performed conscientiously and well. Characteristically, his first thought was to ask his wife to send him the poems of Burns.

But as it turned out, his political career was not over. He had qualities which, in a terrible war, could be harnessed and used. Lloyd George made him Minister of Munitions. More than any other minister, he developed the tank, a weapon which the stuff of general detestation, and which changed the face of war. Churchill's impatience with the slow murder of trench

warfare was at last rewarded. All this is set forth in the balanced narrative of Birkenhead's book which, however, it would be a mistake to think of as another war history.

It is the portrait of a man growing through a troubled and often unhappy childhood, becoming an officer in a smart regiment, suddenly achieving fame as a journalist and entering Parliament on the Conservative side. But not for long. The country was moving to the Liberals and Churchill moved with it, to the horror of those who were - and would be again - his Conservative friends.

What is more, he seemed to be on the left wing of his new party. He was, in those early days, an energetic social reformer, until Asquith, to his delight, gave him the Admiralty.

He found in himself a zest for war, for planning it, conducting it, waging it and enjoying it. It was strangely blended with his deeply humane nature. He was a highly complex character, yet he was simple, almost boyish, romantic and incurably ambitious.

All this emerges as Birkenhead carries the story forward to the end of the Lloyd George Government, when once again Churchill has blundered into a preposterous interference in the Russian Revolution. Once more Churchill is in the wilderness, with nothing to do but write and - a new diversion - paint. Ahead lies what? Blunders, follies, and achievements?

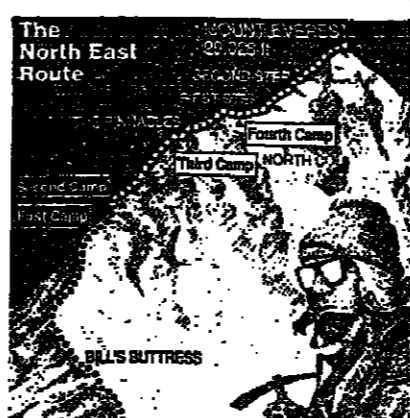
The pity is that Birkenhead who writes with such skill and vivacity, did not live to write the second half. The story of a triumph.

George Malcolm Thomson

The pain of high ambition

Rebecca Stephens, in her latest despatch from Everest, describes taking part in the tortuous task of setting up the advance base camp

IT IS a mistake to believe that climbing Mount Everest is glamorous. Except perhaps for the mountain's name, it is not and could not have been even in Sir Edmund Hillary's days. As with anything worthwhile, I am discovering that to climb Everest takes enormous, often undiscovered resources of will-power, self-discipline and pain - even to make it past way. The rewards might be great, but the price in physical discomfort is unparalleled.



Not until the morning light shone on the freshly fallen snow did I have opportunity to absorb the extraordinary sitting of our new home. Perched on a thin strip of moraine, we were sandwiched between a rocky cliff face and, across the glacier, Mount Everest - a magnificent mass of snow-covered rock rising 8,000 feet from where we stood.

The climbers could hardly contain themselves. Just 40 minutes walk across virgin snow was the foot of Bill's Buttress, the steep 2,000 feet incline that leads on to the north-east ridge. Apathy called the "unclimbed ridge," this is the chosen route of our expedition.

Above the buttress, the massive saw-toothed pinnacles and the ultimate goal, the summit, rose awesomely against the sky line.

Roped in pairs (snow-bridged crevasses are a routine hazard), Kurt and Markus and two sherpas, followed by Paul and Roger, made their way across the glacier carrying loads of climbing gear and rope. I watched from the relative safety of my tent as the tiny black dots inched their way up the buttress.

Thoughts of hypothermia entered my empty head. We kept walking, step after step, slowly and more slowly through the chilling snow. We walked for two hours and 25 minutes before, finally, on the brow of the hill, we spotted an upturned oxygen cylinder which marked the site of our ABC. What relief. We were safe and warmly welcomed into our new mess tent by Roger Meier and Paul Rose, the two British climbers who, after just one day, were old hands at ABC. Ratna the cook placed a steaming pot of tea in front of us. We sat there, exhausted, exhilarated, for four whole hours.

Your head aches first, screaming for oxygen from the thinning air - motivation is lost

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Their objective was to fix rope up the 2,000 feet and establish Camp 1 at the apex of the buttress. It would take several days. By mid-afternoon, physical exhaustion usually won over mental will and they returned, dehydrated and sunburnt, to the shelter of the ABC.

There was and is only so long, however, that any of us can stay at ABC. It is like an addictive drug, drawing us with its offer of a platform to climb higher - to the summit. Like a drug, too much of it can cause you bodily harm. As Paul said, "At 21,000 feet you deteriorate before you know it." Your head aches first, screaming for more oxygen from the thinning air. Then motivation is lost, followed by appetite and consequent loss of weight. Roger and Paul chose to give ABC a break and get fit and fat at base camp after just three or four days.

It snowed the next day - the sherpas said because the Spanish expedition had burned their rubbish, including scraps of meat, as they descended the mountain. It had snowed, too, when another Spanish team had done the same, and when a Chinese liaison officer had slaughtered a sheep above the line of the Rongbuk monastery. The gods did not approve. (Nor did they approve of frying garlic or onions.)

I took the opportunity to hike the stair case of snow up to the top of our one-man tent, hammering at my manual typewriter by head-torch. Relatively speaking, it is quite comfortable. I am only shivering a bit, and when I finish, I shall rest my weary head on a quarter inch Karimat. (Outside I can hear an unhappy mongrel howling like a wolf.)

In just a few days time, however, I will be retracing my steps up the Rongbuk glacier to our ABC. Nothing, however uncomfortable, will stop me attempting to reach at least the top of Bill's Buttress.

The British climbers on the Everest Final Challenge Expedition are sponsored by E.D. and F. Man International, British Alcan Aluminium and Thai Airways.

Blowing a raspberry at tradition

Arthur Hellyer has been sampling the delights of Autumn Bliss

THESE past few weeks we have been picking and enjoying the late-fruiting raspberry Autumn Bliss. It is quite a new variety, raised at the Institute of Horticultural Research at East Malling, Kent, and released to commercial growers in 1983.

The Royal Horticultural Society gave it an Award of Merit in 1987, and since then it has been available, if from rather limited sources, to home gardeners.

The name Autumn Bliss is a little misleading as this is really an August-to-September raspberry and not one that can be expected to go on cropping well into October, like some of the old autumn-fruiting varieties. All these proved unattractive for one reason or another, but mainly because they fell victim to virus infections.

Autumn Bliss was bred for resistance to the large raspberry aphid, the greenfly, which spreads these viruses, and I find the flavour good. East Malling, however, rates it no higher than "pleasant." The crop is certainly much heavier than that of the old autumn-fruiting varieties. East Malling claims a twofold to threefold increase, which I see no reason to dispute.

An added advantage from my point of view is that the picking season is spread over six to eight weeks, although the East Malling breeders seem to view this as a drawback, saying one of their aims is an earlier and shorter season.

I can see some advantage in producing *primocane* raspberries to ripen in July, because

previous year's growth.

This distinction is very important for cultural reasons - with summer-fruiting raspberries, one has to accommodate two types of growth side by side and treat them in quite different ways, whereas with *primocane* varieties there is only one type of growth which is cut out and burned when the last fruits have been harvested.

This process lessens the risk of a build-up of diseases such as cane blight, cane spot and spur blight since there is no contact between old, infected canes and healthy young ones. It also makes management very simple and allows one to dispense with supports if one does not mind a certain degree of sprawl.

With Autumn Bliss this is not very great as the canes are unlikely to exceed four feet in height and most of those from which I have been picking are well below that.

The East Malling experts recommend "roping in", by which they mean running a string or net down each side of the row just high enough to prevent excessive spread. The canes from which I have been picking have not even had that minimal support, and the only two drawbacks I notice is that I have to bend low to get at some of the fruits and that a



few are soil-splashed and so need to be washed.

The fruit of Autumn Bliss is of good average size, well coloured, and I find the flavour good. East Malling, however, rates it no higher than "pleasant." The crop is certainly much heavier than that of the old autumn-fruiting varieties. East Malling claims a twofold to threefold increase, which I see no reason to dispute.

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I can see some advantage in producing *primocane* raspberries to ripen in July, because

they are so much easier to manage than ordinary summer-fruiting varieties. However, the only growers who would gain from a shortened season would be those who harvest mechanically and wish to strip the plant in two or three pickings.

An extended season is certainly an advantage for the ever-increasing number of "pick-your-own" farmers. I imagine that a raspberry which would be ready for first picking about mid-September and continue until late October could be very profitable for them since it would be available for the self-pickers who come then for potatoes, onions, cauliflowers and other autumn crops.

Home gardeners should plant well-rooted canes of Autumn Bliss 15 inches apart in November or as soon after that as they can. The soil should be clean and fertile and the position open. If there is room for more than one row these should be spaced about four feet apart. For very small gardens I would be prepared to cut this to three feet and pay a little more attention to roping in. After planting all growth should be cut to a couple of inches above ground level.

During the first year very lit-

tle care should be required beyond routine weed control. New growth will appear in the Spring but there is unlikely to be enough to need roping in. Some fruit will be produced and should be picked as it ripens. When it has been gathered, all growth can be cut down to two inches - as after planting.

That will be the continuing routine for future years, except that extra feeding will be necessary to maintain soil fertility. It can be wholly organic or the traditional mixture of organic and inorganic materials. Little pest control should be necessary for the reasons already explained.

It may be necessary to protect the fruit from birds, but this has not been required with the canes from which I have been picking. My guess is that birds are not interested in raspberries in September.

There are more autumn-fruiting raspberries on the way from East Malling, but whether they will prove to be better than Autumn Bliss remains to be seen. We are promised higher yields, improved flavour and spinelessness. All are attractive, the last particularly so since the canes of Autumn Bliss are very bristly - and painful.

On Marco Polo's path

KUBLA KHAN'S stately pleasure-dome has lured many travellers but, according to William Dalrymple, he has been the only person to complete the expedition, following Marco Polo's route from Jerusalem, since the 13th century. In fact the journey itself, via Syria, Turkey, Iran, Pakistan (Afghanistan being out of bounds in 1986) and China, is so exciting and entertaining that the arrival, although carrying its own share of drama since Dalrymple is under police arrest at the time, times out not to be the point after all.

Marco Polo set out in 1291 with his father and uncle Nicolo and Maso Polo and Friar Nicholas of Vicenza and Friar William of Tripoli. "The two most senior friars in the Holy Land," William Dalrymple began his journey with Laura, an Oxford ice-hockey line and a scholar whose adventures in the Indian sub-continent "made Freya Stark look like a dilettante."

This tough companion, who climbed mountains faster than any man but had the good sense to turn his back on a mountain of black silk when they entered Iran was wrapped for Louisa at Lahore. Pretty debutante Louisa is in love with Edward and in civilised places - such as a Pakistani rest

IN XANADU: A QUEST by William Dalrymple Collins £14.95, 314 pages

house officially reserved for servants of the government - she liked to sit quietly and send 10-page letters.

On this occasion Dalrymple responds by climbing a mountain last scaled by Alexander the Great. There he interrupts a Gujar ship or pre-Islamic anti-wedding ceremony; and after some life-threatening misunderstandings are cleared up; he shares a goat's leg feast. Reading Alexander's *Life* back home, it seemed he may have solved the mystery of the Greek's belief that Dionysus was worshipped here - one ecstatic cult being very like another.

The Dalrymple expedition, essentially carried out in horrible discomfort and a little danger, has ceased of academic discourse. At Savah in Iran he looks for the tomb of the Three Zoroastrian Wise Men, as described by Marco Polo. Despite finding two mummies dating back to 1061 and 1116 they eventually have to return to the other to the realm of symbolic Christian thinking.

However, once again on returning to Cambridge, the

ever hopeful Dalrymple discovers that until Savah was burned down by Genghis Khan, it was the site of one of the most important astronomical observatories in Asia. So maybe the three kings really did exist and came from Savah and their bodies did lay in tombs seen by Marco Polo.

Dalrymple's ears, which include an excellent gear for dialogue, are all lightly coated by an air of comic self-deprecation. He is also particular, telling stories of precise happenings and seldom giving in to the temptation of generalisations. He makes an exception for the Turkish people whom he divides into handsome men and hideous women which in his view explains the Turks' "easy drift out of heterosexuality."

His descriptive passages, hardest test of a modern travel writer, steer clear of romantic flights usually, although, after a nasty 10 minutes near the Iran-Pakistan border watching his Baluchi driver being beaten up by a Punjab policeman, he does allow himself one glowing paragraph:

"Then as the sun was beginning to rise, we turned the corner and there opened up before us an extraordinary vision: a caravan of 300 camels winding their way to Quetta along the tip of a rocky plateau. To the lead was a huge Afghan and behind him another, bearded like an Old Testament prophet, with a hooded falcon on his wrist. Some of the animals were loaded with tents and possessions, while one carried a woman hanging from head to foot in gilded silk, with a grille for a face, sitting as upright and proud as a duchess in a London."

One might presume such a vision makes up for all the nights on coal lorries, in army trucks, on floors of filthy communal rest houses - except that Dalrymple conveys the true traveller's interest in everything that happens. Even a frightening experience at the edge of the Lop desert in China where he suddenly notices that every other occupant of a shabby restaurant is a mutant of some sort gives a likely explanation for his sudden arrest by the security police. They are in the vicinity of a nuclear testing ground.

From Jerusalem to Inner Mongolia on not much more than £700, donated by Dalrymple's Cambridge College, is a prodigious feat. The telling of it proves William Dalrymple is a writer too.

Rachel Billington

The fight for the right to grow

Geraldine Bedell on the preservation versus conservation controversy

THE NATURE Conservancy Council discourages people from using rare native plants to make or improve a garden, partly because it would make the plants less rare. To the mere gardener, as opposed to professional scientist, this seems absurd: shouldn't we be encouraging beautiful and threatened plants between the pure scientists and those whose interests are primarily aesthetic is more than a scuffle between two sets of enthusiasts: it exposes deep divisions in attitudes to conservation. According to Martin Cragg-Barber, a professional gardener with a special interest in rare native plants: "The issue is whether we want to preserve the countryside as a living museum, or whether we accept that nature is dynamic and, like it or not, human beings have become involved in the process."

Under the Wildlife and Countryside Act 1981, it is illegal to propagate 93 of the rarest British plants without an NCC permit. The NCC has in the past also refused to let gardeners have material from its Cambridge seed bank, on the grounds that this was set up for scientific purposes and that gardening is not "conservation."

Many gardeners disagree: if seed were more readily available, they say, collectors would be less tempted to steal it from

the wild - and anything which takes pressure off wild sites should be welcomed. They suspect current orthodoxy of "preserved-in-situ" view of nature. "If plants cannot extend their range themselves, it is arguable whether they are still functioning as plants," says Cragg-Barber. "What we are getting now is plant preservation, rather than conservation."

The one remaining Lady's Slipper Orchid in the UK, for example, has an electric trip wire around it. Might it not as well be at Kew Gardens? What is natural about this "natural" habitat?

Botanist Philip Wilson, who works with a group of wild plants that have been largely destroyed by modern farming methods, argues that these plants are only really interesting in context. "There are all sorts of historical, agricultural and climatic reasons why they are there. In a garden they might have aesthetic and interest value, but in their natural habitat they are part of something with a value infinitely in excess of its parts."

Wilson acknowledges that this does not of itself invalid date gardening; indeed there is no reason why habitat conservation and garden planting should not go hand in hand. But he is concerned that making gardens with rare plants might lead to complacency, a conviction that we can reinvent nature, and so distract from the real issues.



The NCC takes a stronger line. "In theory you could plant Lady's Slipper Orchids all over Britain, although they would be unlikely to survive outside their native range. But if they did survive they would mess up the British flora," says NCC rare plants specialist Lynne Farrell. "They wouldn't be rare any more. All of Britain would look the same - rare plants growing everywhere."

Farrell admits that this would not much matter if plants were confined to gardens; but if their seeds escaped naturally, they would lose their regional differences, throwing scientific study off course. Consequently, the NCC does pre-

fer gardeners to plant more common varieties of native flowers to encourage this "approved seed merchants who guarantee to carry indigenous stock."

Cragg-Barber suggests, however, that it is the more common plants which pose the greater threat to the uniqueness of local flora. "Common plants have their own features in different localities, so if they escape they are more likely to hybridise and upset the local gene pool. It seems far more sensible to grow very rare plants, which have been reducing their geographical range."

This particular argument is largely academic and something of a red herring: very few garden plants ever actually escape into the wild because only the lightest "parachute" seeds can travel the necessary distance. A much more practical NCC objection is that the seed of rare native plants is scarce by definition: if it goes to gardeners, it may be planted in private places where only few may benefit.

Farrell stresses that the NCC has no wish to discourage enthusiasts of rare plants, it merely wishes to urge them to act in the best interests of conservation. This means working - preferably in concert with gardeners, they would lose their regional differences, throwing scientific study off course. Consequently, the NCC does pre-

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## DIVERSIONS

## A toast to Long Island wine

George Dorgan spots the potential of a small American vineyard

THE FACT that Long Island is today a high-quality wine producing region is due to a fortunate coincidence. The fact that the area produces wine at all is a surprise to most people, especially to New Yorkers, who think of California when they think of good American wine. Inverse snobbery is partly to blame - the western end of Long Island is a New York City dormitory community - but even compared with other American regions, Long Island's wine industry is still in its infancy and production is small. This may change; the soil and climate are right, the winemaking skill is there and the region has a tremendous sense of vitality.

Suffolk County, at the eastern end of Long Island, is split. The South Fork is mired and has the famous beaches and summer art colonies, while the North Fork is more New England than New York. It belongs to the New Haven (Connecticut) Colony across Long Island Sound and has always been Yankee farm country; potatoes, tomatoes, corn, even ducks, but no grapes to speak of and certainly no wine until 1975.

A fortunate coincidence which started the Long Island wine industry was a report which fell in to the right hands. The New York Telephone Company surveyed the state for a solar generating site and found that Cutchogue, Long Island, was the sunniest spot in New York, with an average 210 days of sunshine

a year. Alex and Louisa Hargrave read the report when they were looking for the right place to start a winery. They bought 70 rolling acres of potato fields, planted them in French grape varieties and released their first wine in 1975. For several years they were Long Island's only winemakers but under a few successful vintages others followed. There are now more than a dozen Long Island wineries.

Long Island is roughly on the same latitude as Bordeaux. The North Fork is a small peninsula with the Atlantic Sound on one side and Long Island Sound on the other moderating the temperature and moisture in the air. The soil is gravelly and drains well, like the soil in Graves. Unlike many California regions, the temperature rarely reaches 90 degrees, a point at which grape leaves stop photosynthesising and producing the energy to put sugar in the grapes.

The Hargraves tried winemaking in California but didn't like the style that the hot weather dictated. Sugar levels in the grapes rose erratically. There were too many adjustments to be made, in particular replacing acid lost through evaporation with tartaric acid, the sparkling bits of crystals you can sometimes see on a wine bottle cork. Long Island wineries do not add tartrates.

Their approach is refreshingly "green" and down to earth for commercial winemakers. "It's still only farming," Alex said. "You can filter the wine, you can fine



it, adjust the acid, but it won't put anything in that wasn't already there. We try to do the minimum possible to let the wine have its own character. Winemaking is all about waiting, not doing nervous things like picking too early or making too many adjustments."

Long Island's style of winemaking is, out of necessity, wedded to a "small is beautiful" sensibility - the whole growing area could easily fit into one of California's Napa Valley estates - but this encourages quality over quantity and encourages a kind of resourcefulness, a kind of Yankee ingenuity that Californians wouldn't think of. You can see it in Hargrave Vineyard's tasting room. At the end of a long, walnut banqueting table is a large, original Tiffany window, a version of Francois Miller's The Sower, a prime example of his best stained glass work

which the Hargraves found in a salvage yard for \$50. Hargrave Vineyards and four other Long Island producers - Bridgehampton, Bidwell, Pindar and Leuz - are imported by Great American Wine in London and are now available mostly at restaurants. Odhams and selected Tesco's may soon be offering several of them and Great American Wine (01-407-0502) will be staging a public tasting in January.

Hargrave's '88 Chardonnay is buttery rich with a fruity nose, well balanced by a lively acid content. Bridgehampton's Chardonnay is similar in style, rich in the mouth with a distinctly apricot bouquet; their '88 Estate Reserve Chardonnay is even better, more insouciant and with a hint of spice in the nose. Bidwell's '87 Chardonnay goes for a drier approach, crisp, pineappley with a bit of bite. Bridgehampton's '88 Sauvignon Blanc is appropriately dry, lively Fume Blanc. Pindar produces an interesting '88 Gewurztraminer with cinnamon overtones, slightly sweet but a little lacking in acid to balance it.

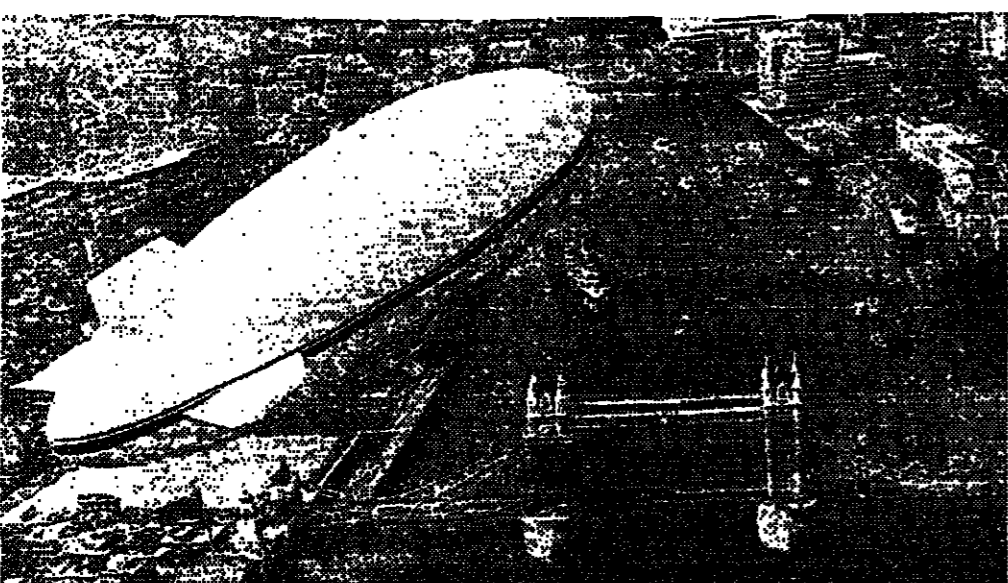
Bridgehampton also has an excellent dessert wine, their '88 Late Harvest Riesling; the 4 per cent residual sugar gives weight to the ripe pear bouquet and the spicy nose.

The Long Island reds are also drinking well now. The emphasis has been on producing wines that do not need too much bottle ageing. Hargrave's '88 Cabernet Sauvignon has a velvety finish. Bidwell's '87 Merlot

is rounded and soft, lovely colour and a hint of violets and plums; their '87 Cabernet Sauvignon could have been nice fruit. Pindar's reds are a bit more assertive. Their '87 Merlot is firm, with just enough tannin, nice oakiness and a bit of black currant, while their '87 Cabernet Sauvignon could use some time to open up, but it has the start of a good berry bouquet.

As their vines mature, Long Island wineries will undoubtedly produce bigger reds. Hargrave has two impressive '88 wines in the cellar. The Cabernet Sauvignon is velvety, rounded, well balanced, elegant - everything you would expect in a good Bordeaux - after only three weeks in oak. Their Cabernet Franc will be an enormous wine. The sum of berries jumped out of the glass, the mouth feel was delicious and the wine is puckeringly tannic. When I tasted it, it was still in the fermenting tank.

Hargrave was recently visited by Chateau Latour's winemaker, who was "amazed" at the wines. Alex Hargrave did not let this opportunity pass by. "I always admired the consistency of Latour and I knew there was some secret to it. After five bottles I got it out of him and it's not what you do, it's what you don't do, and we were so close. Wild horses couldn't drag the secret out of me. These will be wines to look for when they are released in 1991. They could make Long Island's reputation.



A bird's eye view of Tower Bridge

## How to keep your head in the clouds

THE GIGGLE factor, says Edward Hogan, chief executive of Airship Industries, is the main obstacle facing the airship industry as it strives to overcome its image problems.

Some executives it seems, regard these airborne Levitans with a mixture of frivolity and suspicion - the widespread feeling is that they may offer uncertain returns.

A series of well-documented disasters hasn't helped. The fire which enveloped the British-built R101 rigid airship in France in 1930 claimed 48 lives, including that of Lord Thomson, then British Air Minister. The tragedy ended an era of British development and romantic human endeavour. Horrifying images of the Hindenburg, the 800 ft hydrogen-filled German airship, which crashed in flames onto the world's headlines at Lakehurst, New Jersey, in 1937 effectively ended development of airships for passenger travel.

Despite high-technology developments, the airship's recent history not been entirely happy. Al lost one of its early airships in high winds in February, 1979 and the main hangar door of the Advanced Airship Corporation (AAC) of Jurby, Isle of Man, was destroyed in a storm on Friday January 13 this year, temporarily halting operations.

AAC is developing the 300 ft long Advanced Non-Rigid, which it says will be able to carry up to 30 passengers, perhaps on a regular scheduled basis, at speeds of up to 80 knots (20mph).

So why is the airship making a comeback? One reason for the revival is the lifting of the US strategic embargo on the export of helium, a non-inflammable lifting gas. Early airships relied on explosive hydrogen for lift, with the gas bags attached to a rigid metal frame which supported the exterior fabric. Modern non-rigid airships have no frame, the external shape being maintained by inert helium under

low pressure. Vectored thrust engines, which can swivel for increased manoeuvrability, were reintroduced by Aerospace Development, (later Airship Industries), and improved ground handling techniques have reduced the need for an army of ground staff.

The present generation of non-rigid airships can take up to 13 passengers in the aircraft-style gondola underneath the envelope - a much smaller capacity than the pre-war British and German-built rigid craft which had huge passenger compartments inside the ship. The R101, designed to carry up to 100 passengers, boasted a 60 ft lounge with a 32 ft viewing window and a 16 ft smoking room. The dining room could seat 24 people at a time. In stark contrast are today's tiny two-seater "sports" models developed by Shropshire-based Thunder & Coil, for use as TV and film camera platforms and in surveillance and security roles.

The military has always had an interest in airship development. On the night of September 25, 1916, a German Zeppelin bombed Sheffield, an important munitions town, with 36 high explosives and incendiaries. This particular bombing raid went completely unchallenged as the officers commanding the gun batteries and searchlights were revelling at a ball at the town's Grand Hotel.

The US used 168 ocean-going "blimps" as escort craft in the Second World War. None of the 89,000 ships thus protected was lost to enemy action, although one airship came to grief when its commander decided to descend from the clouds and traded gunfire with a surfaced German U-boat.

Apart from military and promotional use - airships make extremely effective advertisement hoardings - they can also be used for aerial surveillance, mineral exploration, or coastal patrol. The Metropolitan Police used one to help control crowds at

this year's Wembley Cup Final. Paris police found the airship's stable hovering capability invaluable for electronic surveillance of the Group of Seven summit and the festivities surrounding the French Revolution's bicentennial in July.

South Korean security forces, fearing political unrest and possible terrorist attack, bought an airship to help counter the threat at the Seoul Olympics.

The largest airship currently under development is the 400 ft Sentinel 5000 for the US Navy, which will have three decks within an 80 ft gondola and advanced fibre-optic control technology.

As long ago as 1911 the German company, DELAG, which ran the pre-First World War Zeppelin service was wooing prospective passengers with the promise of an ascent "which takes place in such unexpected and complete tranquillity that the passenger will literally not be aware of the motion if he shuts his eyes."

The description could have been written today - it is a kind of "pleasure boating" in mid-air with a surprising lack of noise as the airship waits its way majestically through the sky. At a cruising altitude of around 2,000ft, the bird's eye view enables passengers to pick out all the landmarks of, say, a major city skyline - and if you feel a bit stuffy, you can open the window.

And the cost? If you want to buy, Claire Baker, publicity head at Airship Industries, says a basic 200 ft 600 series airship seating up to 13 people will set you back \$3.5m. A complete package of airship, road vehicle with mooring masthead and full training of pilots, engineers and a ground crew chief, will cost about \$5m. . . and Air Miles vouchers are not included.

These gentle giants of the air, it seems, are this time here to stay

Ivor Williams

## Archaeology

## A feat of clay

WITHOUT THE clay of Devon you cannot chart the growth of the early American colonies. In the 17th and 18th centuries Barnstable and Bideford prospered from trade with the New World, supplying sailors and settlers with earthenware. Dairies and kitchens in New England took an abundance of North Devon bowls and jugs.

Recently, archaeological rescue digs in Barnstable have found the kilns and workshops where the pots were made. Besides revealing part of Barnstable's history, they also offer an American bonus.

This is because each detail of the Devon wares can become vital dating evidence on the other side of the Atlantic. Whether at Williamsburg or Plymouth, Boston or Baltimore, there are only two ways only to date early buildings - coins and pots. Coins are best as their dates are specific, but there are far fewer of them. Pots, on the other hand, were made and loaded in Barnstable and Bideford in prodigious quantities.

In the 1680s, the two towns were shipping out thousands of parcels of pottery. (A typical parcel had four one-pint or two one-quart jugs). On one journey, the *Esper* of Bideford, under Eusebius Easterbrook, took 9,000 parcels to Boston. (Then she went to Maryland and Barbados with Massachusetts fish, barrel staves and shingles before coming home with sugar, rum, and tobacco loaded in Virginia on the last leg.)

where inside, above the tellers, is one of the finest plastered ceilings in a merchant's house in the whole of Devon. It dates to 1630, the year of the Mayflower. There is another plastered ceiling in the back of John Menzies.

Aitrusitic buildings are also a feature of 17th century Barnstable. Near the parish church (where you will see the merchants' monuments) are Doddridge's Library (1687), Alice Horwood's School for 20 poor maids (1659) and Thomas Horwood's Almshouses (still in use). The town market, however, (the Panier Market, on Fridays) is a splendid High Victorian affair by R.D. Gould.

The sole commercial survivor of the Barnstable pottery tradition is Brannam's company more than a century old and now leaving its cramped works for a new site on the edge of town. Like all the Barnstable potteries since the Middle Ages, it specialises in earthenware.

It carries red clay in nearby Fremington. The clay is left out to weather for two years. The last bottle kiln was in use until 18 months ago. It took three men two days to fill it, then three days for it to cool and one day to empty it. It held 14.5 tons of unfired pottery.

Flower pots and other earthenware are good business for Brannam's. Many department stores sell them and, four centuries on, Barnstable products are still exported to Ireland and America, and Saudi Arabia - not a market the merchant founders of almshouses might have anticipated.

The last word goes to a 17th century potter, George Beer wrote in his will: "My body I bequeath to my mother, the earth." That red earth, has nourished North Devon and the New World for centuries.

Gerald Cadogan

CRISPS ARE the most despised of snacks. People who criticise the habit of the young, both here and in America, who "browse" more or less continuously rather than sitting down to meals, sometimes find themselves at odds with healthy eaters, who fight a different battle in which little and often may be a good thing, but both will agree that oil and fats - a dominant feature of the potato crisp - are in general frowned on.

Another man's junk food is one man's delicacy and, like most people who allow themselves to be seduced by crisps very much. And I don't think they are all the same by any means.

I used to claim that the best crisps in the world were those in the American Bar at the Savoy. The Savoy makes its own crisps and so they are always very fresh. They taste of what they are - water thin slices of potato fried in very hot oil.

Some years ago I had dealings with a major crisp maker. As its crisps came off the production line they were almost magically desirable. No doubt a few weeks in the warehouse and a few more on the shop shelves would give up some of their flavour but a lot of extra flavour has to be added: cheese and onion, barbecue chicken, Bovril, ketchup, curry, hedgehog. Many people think of these flavours - which may well be artificial - as not quite polite eating; they are certainly serious provokers

Food for Thought

## What to do when it comes to the crunch

I am sure crisp makers are in a constant ferment trying to find new flavours - not with any hope of finding a new combination which everyone will like - in order to gain a marketing advantage. A flavour such as prawn cocktail or tandoori chicken is likely to win favourable display treatment in the shops and pubs and that is nearly everything. Let us say that this proliferation of flavours is of particular value and interest to two of the main crisp-buying groups - children and the man in the



Product development for these groups has not stopped at thinking up new flavours. The crisp itself is fairly simple and little in the way of variation can be achieved except by spraying on flavours. However, slicing potatoes and frying them in oil is a very simple and little in the way of variation can be achieved except by spraying on flavours. However, slicing potatoes and frying them in oil is a very simple and little in the way of variation can be achieved except by spraying on flavours. However, slicing potatoes and frying them in oil is a very simple and little in the way of variation can be achieved except by spraying on flavours.

this ideal are always being made. About 15 years ago, Smith's, in response to what appeared to be large public demand, launched an updated imitation of their original crisp, plain or unsalted, with the salt in a little blue packet. Modern factory packing methods meant that the salt packet was a little blue sealed sachet rather than the screw of waxed paper it used to be. Later, KP launched Real McCoy's - crisps which are sliced sliced extra thick, a surprising idea

## Cookery

## Salads for real men



pomegranate seeds. The English touch came at the end of the meal: a large wedge of properly made farmhouse cheese and the first of the new season's filberts with their trilly green caps and milky sweet kernels.

For the base: 1 sandwich tin loaf, 2 garlic cloves; 6 tablespoons olive oil and 2 tablespoons wine vinegar. For the fish and vegetable salad: ½ lb squid (or meat extracted from freshly boiled crabs, or other shellfish of your choice); generous ½ lb cod fillet or monkfish; generous ½ lb French beans; generous ½ lb young carrots; 2-3 celery stalks; ½ lb or so button mushrooms; 4 fl oz olive oil and 1½-2 tablespoons lemon juice. For the sauce: 2 oz bread-crumbs; 2 oz parsley; 4-5 tablespoons chopped fresh fennel leaves; 2 hard-boiled eggs; 2-3 garlic cloves; 2-3 teaspoons capers; ½ pt or more olive oil; 1 tablespoon or more wine vinegar. For the decoration: a handful of cooked prawns in the shell;

but it works well. When you make your own crisps, as I have tried many times, the problem is to cut them thin enough when my crisps came out like Real McCoy's. I regarded them as a bit of a failure. If I had left the skins on I would have thought the result equally amateurish but now I have a liking for jacket crisps. Marks and Spencer is good at them.

Have you had crisps made not with potato but with cauliflower? Not the real thing I suppose one must say, but it works very well. I have not tried making my own but don't let me discourage you.

Now new crisps have appeared which are, in my view, the best ever. They are called Kettle Crisps and they are an American idea made under licence in the UK by Kettle Foods UK. Their problem is one of distribution. I get them from Harrods but not everyone. I realise, I suggest Harrods, especially for a bag of crisps. They are also available in the better delicatessens and Tesco, Sainsbury and Safeway have them in their bigger branches but they are in rather

needs it. Top and tail the beans and steam them until just tender. Steam the carrots separately, keeping them whole for preference or splitting them in half lengthways if they are not as young and slim as you would wish. Slice the mushrooms thinly and cut the celery stalks into crescent moons; leave them raw. Keep each sort of vegetable in a separate bowl, each as soon as prepared with some of the oil and lemon juice seasoned with salt and freshly ground black pepper.

Clean the squid, cut into rings and stir-fry briefly until tender. Lightly steam or poach the onion, cauliflower, bone and flake it. As with the vegetables, keep the different sorts of seafood in separate bowls, dress them as soon as prepared and set aside for a few hours. Assemble the dish close to serving time: Spread a little of the sauce over the vegetables and seafood in layers, gradually building up tiers of contrasting colours, textures and tastes, spooning on some of the sauce at the halfway stage and the rest at the end. Decorate the crown and sides of the towering salad, and the platter on which it rests, with prawns in their pink-whiskered armour, green and black olives and feathery branches of fennel or other finishing touches that take your fancy, and bring to the table with a flourish.

Philippa Davenport

The Financial Times proposes to publish a full colour feature on Art & Antique collecting on Saturday October 7th. For further details contact: Julia Carrick on 01-873 4664.



HOW TO SPEND IT

New market in the Market for M & S

From November, City slickers will have their 'own' mini chain store, says Lucia van der Post

CITY CHAPS who've had to take time off from trading in pork bellies or junk bonds to make the journey to the West-End of London to snap up Marks & Spencer's city shirts...

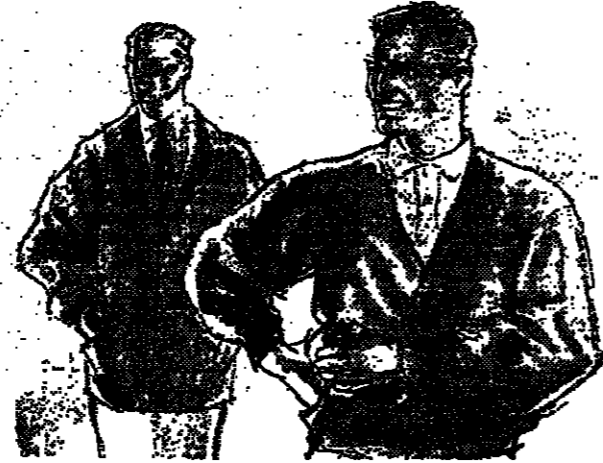
As regular readers of this column will know, M & S has for some time been gently wooing the chap who likes to dress City style...

looking than standard city-style and selling at about £250, passing for the first time the crucial £200 barrier.

moment there will certainly be a basic alteration service and the ability to use the City branch to have access to bigger branches...

Cardigans, it seems, are big news this winter and under pressure from "high up" M & S's classic men's cardigans now sport a lot of extra fine detail...

Shoes, too, have gone up-market. They are no longer just leather uppers; today the classic Oxford and brogue in brown and black are all leather and sell at £39.50 and £29.50 respectively.



Right: Marks & Spencer's new-style lightweight wool suit with a soft, relaxed continental cut, £250, worn with a 100 per cent striped cotton City shirt (£29.50) and Brooks Brothers silk tie (£19.99). Left, from the carefully edited selection of knitwear, far left, a chunky cable-knit navy-blue jacket/cardigan, £60 and near left, a casual links-link stitch cardigan, £25



Find the death traps hidden in your home

Heather Farmbrough on the safety-conscious house

THE ORIGINAL Georgian features of my house have been sullied by a series of ugly inventions. Two sets of french windows have been desecrated by protective plastic sheeting...



Home safety is big business, judging by the insurance company's growing expenditure on such as kettle guards, table corner cushions and socket covers. But when I heard of a business offering to survey one's own house and advise on safety in the home, I was sceptical.

Childproof will also install any of the equipment it recommends, although Parley is also prepared to tell you where equipment can be bought so you can fit it yourself.

The last item was the only one that I had perceived as being dangerous. A television on a table in the middle of the room, its wires and aerial leads trailing, could be placed on a wall bracket with the leads safely stapled away by using cable clips at 24.50.

Non-stop, one-stop Joseph

proper space to British designers - most particularly during British Fashion Week - such as Rifat Ozbek, Jasper Conran, John Galiano and Betty Jackson,

THE JOSEPH empire, it seems, is endlessly in a state of flux. Joseph Etroggi has never been out of bed and says "well, that's that then." What he seems to enjoy above all is experimenting, trying to push back the frontiers of retailing.

Peace, imperfect peace

Sandra Burbidge finds it TOO quiet without the kids

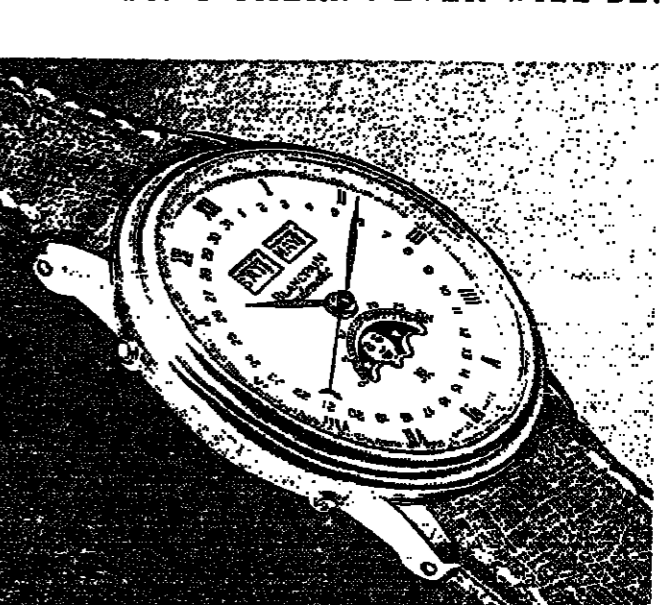
THE FIRST indication that my life is about to make its annual change is made known to me via the telephone. It signifies the end of the holidays because the call is for ME! It hasn't been for ME for about eight weeks, because I have been marooned on a desert island of domesticity.

his own with a Walkman glued to his head. Somehow it seemed wrong not to put the three of us through torture every day. Life has again assumed some sense of order and has lost the topsy-turvy pattern that had left me disorientated and confused.



That Joseph style...

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ARTS

# Antique squabbles

The Prince of Chintz versus Mr and Mrs Houghton: Homan Potterton describes the furore over Fairs in New York

SINCE 1954, New York's principal antique fair, the Winter Antiques Show, has taken place each January in the Seventh Regiment Armory on Park Avenue. About 75 invited dealers take the stand and the proceeds of various fund raising activities go to a venerable charity, the 96 year old East Side House Settlement.

Now, opening in the same venue next week comes a prestigious new fair, the International Antique Dealers Show, and the furore and squabbles which have broken out as a result make New York seem like a provincial parish rather than the cultural metropolis it really is.

Being New York, it goes without saying that lawsuits have been threatened: one for \$25m has already been settled. But rumours that anyone who exhibits in the new show will be expelled from the old one have led to counter rumours that exhibitors so dismissed will sue for restraint of trade. As 23 dealers, among them New York's best, who traditionally exhibit at the Winter show have decided to take a booth next week, the fun may only be starting.

At the centre of the row is top interior decorator, Mario Buato - dubbed by his rivals the Prince of Chintz, who for the last 13 years has been chairman of the Winter Antique Show.

But for those who came in late... in the first decades of its existence the Winter Antique Show was a fairly low key affair. Then in 1976, when Buato became Chairman, things started to happen. In his first year he increased the charity take to

\$78,000 from the \$28,000 it had been the year before; the Trustees of the East Side House Settlement were delighted. Attendances at the week long event increased substantially and business for the dealers was brisk: they too were delighted.

The Patrons' Reception, the Preview Party and, most of all, the Benefactors' Tea (with "lovely table settings" by Tiffany and chintz tablecloths by Buato) gave the last week of January a real social focus, and not just New York, but Palm Beach, Texas and Malibu were all also delighted. Buato gave the Show pizzazz, and a measure of his success is that for each of the last years the East Side Settlement has taken home \$800,000.

But for some years now, all has not been well. Many people feel that the show has become, well... a decorators' show. One of the main causes for complaint has been the inclusion of items in the show are not vetted for authenticity as they are in the case of similar European fairs. This factor puts knowledgeable dealers with fine quality antiques at a disadvantage. Harold Sack the furniture dealer has put it succinctly: "If I exhibit a great highboy (that's American for tallboy) at \$176,000 and

in another booth there was one for \$35,000 that wasn't right, with new legs and new varnish, my high priced one would merely sell the cheap one. Bad objects drive out good objects."

Buato's power as organiser of the show, and the manner in which he wheels it, has over the years increased so much that the practice at a fair like this is that exhibitors rent the stands, but only when they have been invited by the organiser to do so. Such invitations are by no means standing invitations - which means in effect that exhibitors may also be expelled. Consequently the organiser of an antiques fair is a powerful figure who can simultaneously be needed, feared and resented by the dealers. To avoid this situation, it is better for dealers to organise such shows themselves, as happens in Paris.

For a number of years the New York dealers have thought of doing this. According to Chris Jussel, the president of the exclusive National Antique and Art Dealers Association of America, his association had appointed a committee to plan such a show and 80 of their 45 or so members had agreed to back it financially. They had got as far as discussing the possibility with several charities

when... along came Mr and Mrs Houghton.

Together with his wife Anna, ex-Z-cars actor Brian Houghton now deals in ceramics. More to the point, the couple have become the Eric and Julia Morley of the antique trade. They organise international antiques fairs, success of antiques fairs like the annual Silver and Jewellery Fair and Seminar and the Ceramics Fair and Seminar in London. For these the Houghtons have hit on a winning formula which they have developed and polished, so that by now they are highly professional. With their instinct for business it was perhaps inevitable that they would see the opportunity which New York's squabbling presented.

The Houghton formula consists of dealers' stands where goods have been vetted. Then there are lectures by distinguished scholars, a catalogue with scholarly essays and an impressive exhibition. The formula works, and works very well, and after about eight years of it the Houghtons can afford to contemplate New York and the million dollars or so that it takes to finance such a fair.

When Chris Jussel and his colleagues heard of the Houghtons' idea for a fair in New York they decided to

collaborate rather than continue with their own plans, and so next week's event is being held "with the cooperation" of NAADAA. It is, however, very much the Houghtons' show: "We, and only we, will make all the decisions" Anna Houghton is quoted as saying.

Eighty-four American dealers will participate in what everyone agrees will be an important event. The peripheral aspects of the show will have the Anglophile slant that still appeals to New Yorkers. There are lectures by Sir Geoffrey de Bellaigue, Sir Francis Watson, Lady Victoria Leatham and the Director of Leeds City Art Galleries, Christopher Gilbert; the catalogue essays include Ros Savill of the Wallace Collection and Dr Geoffrey Beard; an International Committee for the opening party is chaired by Lord and Lady Romsey; and a loan exhibition of Chinese snuff boxes will come from Burghley House.

And is the show likely to be the answer to the dealers' problems with Buato? Time will tell; but the word in London is that there is now brooding discontent among the trade over the manner in which the Houghtons treat their exhibitors. When some dealers asked that their names would be displayed as prominently as those of the lecturers on the leaflet advertising the Ceramics Fair, they were given short shrift. "They have forgotten that they depend on us. In the beginning they were both such fun, but now with all their power they are terribly grand and won't even listen to our suggestions," one dealer complained. It all sounded vaguely familiar.



Edward Bawden: "Urn to Francis Robertson," 1948

# Pick of the small shows

William Packer on the start of the London gallery season

For the visual arts the true start of the year is now, with the long holiday over and everywhere new exhibitions on the wall. And for every review of a major exhibition, such as Warhol at the Hayward or Gauguin at the Academy, any number of smaller shows go unnoticed.

Once the season is under way, 30 openings a week in London alone is not unusual. I have kept a card, from the Crane Kalman Gallery, Brumpton Road, announcing an exhibition of paintings "at affordable prices", long after it was over for a remark it carries: "Rarely does one now read a critic saying: there is a glowing Matthew Smith in Gallery X... a restrained, intimate Sichel in Gallery Y..."

The Fine Art Society, at 148 New Bond Street, is just such a gallery. At the moment there is above the fireplace the extraordinary "Conversion of Paula", by Alma-Tadema, to fix you by its healy, equivocal eroticism. And tucked into the corner nearby is the most charming study by Albert Moore for one of his statuesque, delicately draped, classical beauties, "Forget-me-nots".

But the Society's show of the moment is also rather special. "English as She is Drawn" (until September 29) is a choice retrospective of the water-colour paintings, illustration and design of Edward Bawden who, at 86 and as prolific as ever, is yet one of the great unsung masters of contemporary British art. It is not that he is not well known, for who could be English and not know so well his imagery of country church and town, pier and high street, and all the quiet incident of English life?

But perversely, perhaps because of his very mastery of the "English" medium of water-colour, he has never been given his critical due as one of the very best, and I mean the very best, painters we have. Who knows but had he deployed those sweeping perspectives, that firm, vigorous and subtle line, those sweeping washes, on a larger

scale and in oil on canvas, the reputation might be different. There is also an exhibition of Bawden's graphic design current at the V&A (until October 29). And do not leave the Fine Art Society without going upstairs to see the small group of recent seascapes and figure paintings by another distinguished veteran, Richard Eurich.

From the very old to the very young: Paul Storey left the Royal College two years ago, having already distinguished himself in several major exhibitions. His densely complex compositions, with their mass of writhing, gestural figures, fraught with symbolic if somewhat ambiguous purpose, were memorable then, and it is no surprise to see them re-emerge in a major gallery (Fischer Fine Art, 30 King Street, St James's, until September 29).

He has clearly looked closely at Giotto, Uccello and Carpaccio, and is a skilful painter of the figure which, in his generation, is as welcome as it is remarkable. He handles the paint with a confident freshness, especially in the studies on paper, which are also the most straight-forward and unaffected of the works. For the problem, such as it is, lies in the over-contrived and self-conscious distortion of the figures in the more ambitious canvasses, which is inclined to become an imaginative limitation in itself. But he is clearly an artist of real promise, one to watch.

Finally, brief recommendations of two shows by painters from Cornwall: Ray Atkins, at Art Space (84 St Peter Street N1: until October 11), is showing a group of large expressionist landscapes of considerable authority, his work the more welcome for being seen so seldom in London. And at the Redfern Gallery (20 Cork Street W1: until October 6), Karl Weschke, another expressionist but of a more darkly symbolic cast, shows his latest paintings and drawings of the nude and the brooding, theatrical landscape.

# Disney and dance

Alastair Macaulay salutes cartoon choreography

WHILE MICKEY Mouse is using a crane to haul Minnie on to his steamboat, a goat on deck eats up Minnie's fiddle and her music-sheet. What to do? Minnie tries cranking the goat's tail. Mickey opens its mouth, out pours music and we're off!

Mickey treats all the other animals on board like consenting percussion instruments. He plays a cow's teeth like a xylophone; he even prods a litter of six piglets busy at the sow's teats for the sound of their squeals. And then he turns the sow over and uses her grunts as the next part of his score.

This is in *Steamboat Willie* (1928), the first film in which Mickey burst on to the screen. It was the first fully-musical talkie, and it's still glorious. If there can be choreography without human movement, then Disney's animated cartoons surely contain some of the most blissfully-inventive choreography of the century. Everybody knows that. I hadn't realised, however, how deeply dancing - and dancing to music - pervaded Disney's sensibility.

Last weekend, the National Film Theatre showed eight of the earliest Mickey Mouse shorts, 10 of the earliest Silly Symphonies, *Snow White* and *Fantasia*: the season of his work continues there through the month. Jimmy Crickets! - as we dwarves say when hit by the shock of beauty. Mickey Mouse - a born vaudeville artist - soon bursts into dance. Actually, Minnie beat him to it - in a slinky Latin solo with a rose between her teeth in *Gallop'n' Gaucho*

(1928), just before Mickey calls her into a hilarious tango. (*Plane Crazy* and these were Disney's first sound films but *Steamboat Willie* was released first.)

For *The Picnic*, the two mice bring a wind-up gramophone with their hamper, wind it up and away they dance over the meadow, spinning and tapping, the Fred and Adele Astaire of the rodent kingdom. And what good dancing! their tap is much more characteristic than Ruby Keeler's or Eleanor Powell's or Ann Miller's or, dare I say it, Gene Kelly's. Less dated, too.

It is symptomatic of this post-modern age that we find high art in the popular entertainment of a bygone era. But then, people always rated Disney high. Remarkable that when the great dance critic, Edwin Denby, first reviewed (in 1928) Balanchine's masterpiece *Apollo*, he called it "a ballet worth seeing several times because it is as full of touching detail as a Walt Disney." And he wrote in 1943 that "In the present film technique, Disney's animals have been more successful than human dancers in giving a wide range of dance expression to movement," a judgment astonishing to us today in view of our reverence for the sublime achievement of the nine Fred and Ginger RKO movies made between 1933 and 1939. We know today that Astaire was the musicals' most wonderful person ever. But in 1936, Graham Greene, like others, called Astaire "the nearest we are ever likely to get to a human Mickey," and he meant it as a compliment.

With Disney's characters, as with Astaire, dance is just plain natural. The Silly Symphonies are as full of musical motion as the Mouse series. It's a thrill to discover *Monkey Melodius* (1930), with its irrepressible simian pair dancing through the jungle and finally playing an eternal pat-a-cake as they hang from a branch by their tails.

Disney animals just have dance in their bones - the first Silly Symphony (1929) was *The Skeleton Dance* - and dance is a life force for his insects and flowers, in animals which used to be called "a small Isadora-and-Soda."

In *The Band Leader* (1935), Mickey conducts the *William Tell* overture; his gestures are so huge he has to pull up his sleeves after each one. (When Toscanini saw this he made the cinema play it again.) A real storm arrives, along with the one in the music, to blow the band, still playing, sky high. Disney discovered here how to let the music launch a vivid fantasy and prompt that fantasy's every development. And that's the essence of *Fantasia* (1940).

What Disney and Leopold Stokowski do to great classical music here is Wolfshane to musical purists but Disney's imaginings have such poetic power and aural detail that we find they justify every Stokowski re-arrangement available.

Stokowski did not touch. It would have made a wonderful video, but as live performance it was short of warmth and a human dimension. The first half was particularly lifeless, the band trudging through a selection of old and new, the subtle intimacies of "Love is a Stranger" and "Angel" drowned by a muddy sound mix and a heavy handed rhythm section. A chunky rendition of "There Must Be an Angel Playing in My Heart," a fine song ruined by the crude antics of the group's backing singers.



Dance of the Hours from the film Fantasia

the pulled-about Hollywood version of Schubert's *Ave Maria*: which Disney's haunting procession of lamp-bearing pilgrims - lightening our darkness - nonetheless transcends.

*Fantasia* is a cornucopia of dance. Balanchine was around the studio when it was being made; and Irina Baronova, Tatiana Riabouchinska, David Lichine and Marg Champion helped to model the steps. Disney and his studio didn't know much about ballet, yet they knew things that many choreographers have never learnt. The Disney ear could distinguish between action music and dance music and was prompted to a wide range of idioms and dynamics.

Seldom in stage choreography do we find correspondence

between sight and sound so frequent and vivid as in the *Nutcracker*, *Sorcerer's Apprentice*, *Pastoral Symphony* and *Rite of Spring* sequences. Disney, innocently outrageous, often pursues a vision quite unlike the composer's and yet responds intuitively to musical detail: a wonderful paradox. Many stage choreographers this century have attempted the same, very few with anything like *Fantasia*'s success.

Disney doesn't even depict Beethoven's most obviously descriptive moment, the Cuckoo. But what he provides instead - two lone centaurs brought together by the panpipes of three cherubs - resembles the Papageno-Papagena reunion in *The Magic Flute* and seems to me no less

fine. What an abundance of poetic wit, too. In all Greek mythology there is only one winged horse; Disney shows us an entire Pegasus family, each a different hue, flying through the sky, alighting on water like swans.

*Fantasia* is among the most fecund of films (Stokowski compared Disney with Diaghilev, which is not so unjust.) It recalls Balanchine's choreography in its constant development and renewal of imagery and it celebrates "the pure act of metamorphosis," which is what Paul Valéry once defined as dance's true essence. It is brimful and bubbling with the wonder of creation, in every sense. You laugh and you wipe away tears of wonder and its springs rejuvenate you.

# Mixed Eurythmic image

ANNIE LENNOX and Dave Stewart, collectively the Eurythmics, are true products of the video age. Their clever, inventive hit singles of the past decade have been accompanied by the most seductive, accomplished videos.

While it all looks good on television, transferring this carefully constructed image to the stage is a difficult task. At Wembley Arena on Thursday night, the Eurythmics performed in the middle of what looked like a film set, lit with huge arc lamps that cast a harsh, cinematic light on Stewart's gypsy features and Lennox's garboesque, movie star profile.

It was a clever idea, but it only created a huge vacuum between performer and audience, a vacuum which Annie Lennox rarely attempted to fill.

AS FAST as the "authentic" interpreters cut Beethoven down to size, the traditionalists build him up again. After a week spent listening to the new Beethoven symphony cycles recorded by those arch purveyors of period performance practice, Messrs Hogwood and Norrington, it came as quite a surprise to turn to this massive *Missa Solemnis* on Thursday at the Albert Hall - and not, I fear, an overly pleasant one.

The concert should have been a major event in John Pritchard's last days with the BBC Symphony Orchestra, but illness unfortunately prevented his appearance. In his place we had Colin Davis, who gave us a performance of the *Missa* that seemed to have the full burden of the Beethoven tradition weighing down upon its shoulders. Even by conservative

standards this was Beethoven conducting of the most solid kind. If one moment exemplified its style, it was the opening of the "Credo", where Davis leant forward with a slow and agonizing gesture, as though wrenching the music out of some fathomless pit.

Perhaps the sheer size of the Albert Hall makes music-making of Victorian grandeur like this inevitable. The choral music sounds mightily impressive, especially when sung with a good core to the sound as it was here by the combined numbers of the BBC Singers, the BBC Symphony Chorus and the London Philharmonic Choir; and the end of the "Gloria" really thundered out, with the rumbling low pedal of the organ and timpani making the back of my seat shake.

There was also a well-chosen line-up of soloists, led by the soprano Julia Varady, whose singing of this notoriously difficult part (helped by floating through most of its longer lines) was an effortless combination of lyricism and power. Ann Murray was the strong mezzo, John Aler a somewhat reedy tenor, and Harald Stamm launched the "Agnus Dei" with a fine, dark, German bass.

Yet when they all needed speed, life, spontaneity, Davis was offering them a *Missa Solemnis* steeped in reverential awe. At its best - the moving "Crucifixus", the impassioned "Agnus Dei" - the score is strong enough to respond to this approach with heightened emotion, but where Beethoven strays off into long passages of wandering counterpoint there is an awful risk that the performance will die on its feet.

The best, though, was left to last. A delightfully plaintive "Who's that Girl?" struck the right note of puzzled despair, while the new single "Revival" was a satisfying foot-stomping stadium rocker packed with instant mass appeal. Finally there was "When the Day Goes Down", a compassionate broadside against the futility of self-pity, sung with a sweet, elegiac grace by Annie Lennox. It proved that the Eurythmics do have a human face after all.

Patrick Harverson

# Massive Missa Solemnis

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Richard Fairman



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Abraham Cooper, 'The 1st of October' Estimate: £15,000-£20,000

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ARTS

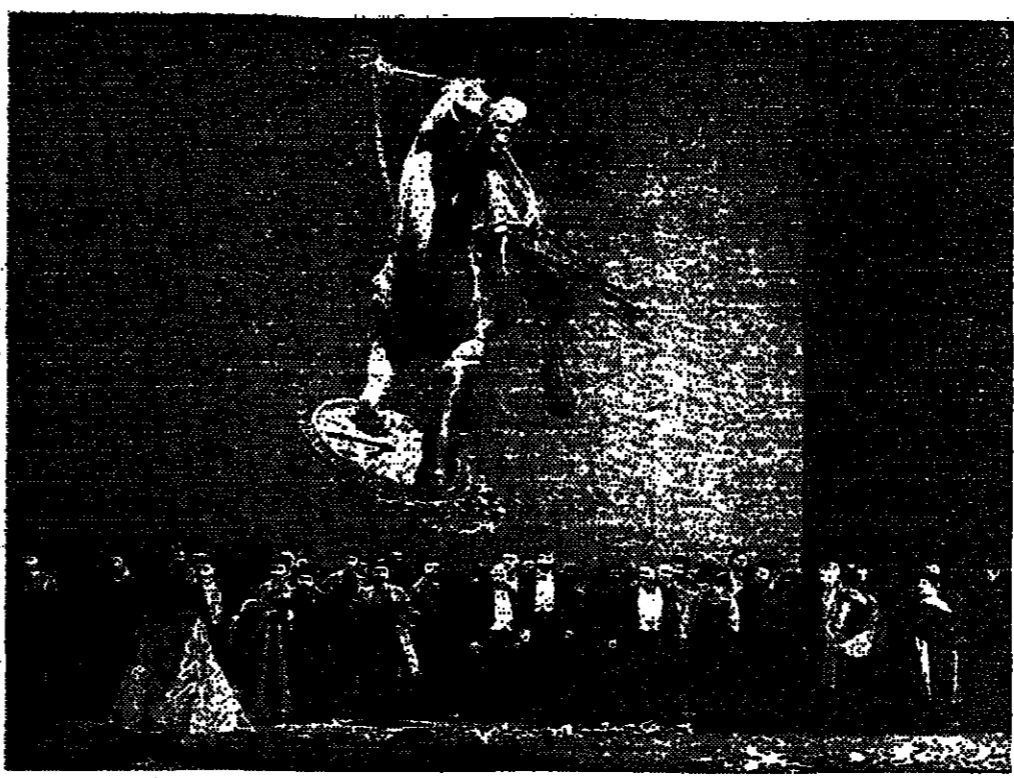
Masked Ball meets film noir

Max Loppert reviews the new production at the English National Opera

THE FIRST new production of the 1989-90 English National Opera season provides a welcome further renewal of the Verdi repertoire. A Masked Ball (sponsored by British Steel) brings together the team responsible for the company's 1987 Simon Boccanegra...

But to my mind this opera proves, in its own way, more sensitive to such treatment than its more complex Verdi sibling, and the treatment itself seems much more appropriate...

dominated by Ulrica in a petticoat swigging gin from the bottle and testering frantically on stiletto heels (a bravura impersonation by Linda Fimre, wonderfully bronze-toned if somewhat short-breathed and choppy of phrase)...



The scythe-bearing horseman in the finale of A Masked Ball

music. In the Act 2 love scene the alienating doings on stage dim its lyrical rapture. I sense, here and elsewhere, a certain resistance to the adult passions at the heart of the opera...

Elder's Verdian sympathies and gifts are never in doubt, and his ability to hold the shape of each act was as usual mightily impressive...

four-square phrases, without much natural Veridian slancio; Miss Cairns's long-breathed eloquence and authoritative musicianship do much, not everything, to compensate for stridency at full volume...

Records Running after modernism

BLESSED ARE those composers whose new works are transferred so rapidly to disc. George Benjamin's Antara for its tenth anniversary in 1987...

Carceri III, which form the foundations of the work are excluded, presumably to appear on a later CD. While the three solo instrument pieces, Superscriptio for piccolo, Intermedio (violin) and Mnesomne (bass flute) are densely worked miniatures...

Benjamin has avoided the trap of matching the work's technological complexity with an over-elaborate musical structure, the basic elements are easy to discern, while the composer's ear for texture is, as usual, flawless...

Benjamin: Antara, Boulez: Derive, Memortale, Harvey: Song Offerings, London Sinfonietta/George Benjamin, Nimbus N15187...

The golden lion's tricky task

Nigel Andrews awaits the judges' verdict at the Venice Film Festival

which peddles soft-porn couplings as it while pretending to be the last reveries of a dying sensualist. On second thoughts, you might sit conscious and uncomplaining through this last. But you wouldn't give it a prize...

flagration plus the smaller fires of family crisis. The film's weaknesses are a sprawling structure and under-emerged characterisation. (The numerous family members are so limply introduced it takes us an hour to sort out who's who)...

comedy about a fast-talking black con man ("I think therefore I scam"). On the evidence of the facilities - and many of the films - displayed here in 1989, the Venice Film Festival is more beleaguered than in any recent year...

Best Actress: Peggy Ashcroft City of Sadness. Special Jury Prize (runner up): Et La Lumiere Fut. Best actor: (ex aequo) Marcello Mastroianni and Massimo Crotti in Che Ora E'...



Best Actress: Peggy Ashcroft

THIS YEAR the Venice Film Festival's annual identification parade was more suspenseful than ever. Usually the golden lion prowls once up and down the line of suspense and then pounces on the winner. Overcome by the beast's savage claws and powerful breath, the victim cries "It's a fair cop!" and surrenders to international applause...

Radio

Aperitifs before lunch

THE HALF-HOUR before lunch should be a good listening time, in a house or in a car, and the more characters you slip off in this two-and-three-quarter-hour domestic epic, the more seem to grow. As China and Japan struggle for control of Taiwan between 1945 and 1949...

judgment stems from the preferences of pop singers and fans. The locale, BBC and its local needs, I hear bits from all these, but not in critical vein. So back to Radio 4. The Saturday play was adapted by Peter Thomson from Adrian Allington's old novel, The Amazing First Match Crisis. It lives on ennobled truisms. Joe Prestwick (Tom Wilkinson, not in my Radio Times), picked at the last moment, took 20 wickets in his braces in a village match, and was rightly selected for Gileshaire, then for the 13 players considered for the final test against Australia...

rogue, Rannik. In real life, Rannik is Dave's wife Sarah, a talented, ambitious designer, who first meets him in Princess Rains. The point is well made that Sarah's designs are in their way as fantastic as Dave's tales; but they are actual, they come to life, while Dave's stories are never published. Sarah, decorating a house for a film writer, begins to spend time in arty London. Her pregnancy is part of Dave's life, not her new persona, and she has it terminated. Each event is followed by a flash of fantasy. A publisher rejects Dave's stories, and the diary that Sarah kept when she was doing the house is published. It is time for fantasy to take over. Devised as his Zandark, Dave kills his Rams. I thought this a clever piece, cleverly directed by Matthew Walters, and well played by Michael Maloney (Dave), Caroline Gruber (Sarah), Belinda Lang (Sarah's agent Amella), indeed the whole company. Between these two, on Sunday, came Body and Soul, about a priest who changes sex; but this goes on next week, and I shall certainly listen. The same goes for Michael Charlton's new five-part series on the American Constitution.

Essential Reading for Scottish Colourist Owners

CHRISTIE'S advertisement for Scottish Colourist Owners. It features a painting of a woman in a red dress and a vase of flowers. Text includes: 'A great deal has been said and written about the Four Scottish Colourists, artists Peplow, Cadell, Hunter and Fergusson. Their performance in the saleroom has been outstanding in recent years, with Cadell reaching £214,500, Fergusson £104,500 and Hunter £52,800...' and contact information for Alexander Meddowes in London and Neil McRae in Glasgow.

ART GALLERIES

Several international groups of paintings are on display in the City of London. Outstanding quality of sculpture and watercolours...

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SPORT

The best in Italian soap opera

John Wyles on the clash of egos in the all-or-nothing world of Formula One

PEOPLE ARE rarely neutral about Formula One motor racing... either it presents an unacceptably boring procession of the overpaid driving the overpowered, or nothing can rival it for excitement in the competitive pairing of man and machine.

about venerating traditional nationalist symbols such as military forces or even the national flag. The flame red Ferrari, coupled with the national soccer team, carries such national pride and aspirations as exist in Italy.

own team, or take a year off from racing. But Prost is a coldly calculating tactician. How else could he have amassed more world championship points and won more grand prix - 39 - than any other driver before him.

Prost has been the first past the chequered flag if Senna had not suffered the mechanical problems which put him out of those races? Senna has won five grand prix this season, but his failure to finish in six races leaves him 20 points behind Prost's world championship tally of 71.

both cases is the Honda engine which was switched to McLaren at the beginning of last season. The Japanese manufacturer's commitment to Formula One is starting in both its extravagance and its success. John Barnard, formerly at McLaren who quits as Ferrari's chief designer at the end of this season, says that the Honda engine has such a technical lead over its rivals, such as Ford and Lamborghini, that the others first need to go back to the drawing board and then to match the Japanese company's rate of development.



Nigel Mansell at the British Grand Prix

development and the commitment of men and resources which Fiat, Ferrari's parent, has been making this year. Nevertheless, the sport has been fast becoming a television disaster because of McLaren-Honda hegemony, and for that reason alone the Senna-Prost rivalry, now fuelled by transparent personal antipathy, is a public relations geyser which has clearly been benefitting from the determined engine

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a straight line. John Barnard says that driving style could still explain this. If Prost is right, then clearly Honda risks doing serious damage to the image of the sport. Perhaps by having raised the issue he will now guarantee equal treatment for himself and the remainder of the season. But he will also have tainted Ayrton Senna's second world championship, if the next four races go Senna's way.

Golf swings the American way

Ben Wright thinks the Ryder Cup will be a very close call

IF ANYONE had forecast at Walton Heath Golf Club at Tadworth, Surrey, in September 1981, after their second straight Ryder Cup debacle that exactly eight years later the European team would be trying to achieve a hat-trick of victories over the once almost-invincible - well, I would have told him he was crazy and then tried to place a significant wager against such a thing occurring in my lifetime.

However well that course may turn out, it will obviously lack the maturity that such a momentous and historical fixture demands. Walton Heath would have served the purpose admirably again next weekend, just as Muirfield Village Golf Club, in Dublin, Ohio, was the perfect setting for Europe's glorious first-ever victory on American soil in September 1987.

as an airport runway. If it is wet, it assumes the consistency of glue. Nor are The Belfry's design and construction in championship class, for that matter. In short, it is not a very pretty sight. It is likely to be the venue of a memorable golfing occasion. Its outcome is far too close for me to call with any certainty. In my opinion, the Americans will win by the narrowest of margins because momentum has swung recently in their favour and they have been fired-up for the event by the scorn and disdain that has been heaped on them by the British Press.

previews of the Open Championship sent from London to the American weekly, Golf World, by Mike Britten, golf correspondent of the Exchange Telegraph. Alongside photographs of Seve Ballesteros, Greg Norman, Gary Player and Sandy Lyle, the headlines blazed: "Why A US Player Won't Win. Too many others are too good for an American to stand a chance."

my football but useless for golf. I may have to cool off my men and my ability to do that could mean one of the most important and influential aspects of the match." In my view, the recent swing of momentum in America's favour could be a disaster. Ballesteros was never a contender in the final round, finishing in a tie for 12th. Bernhard Langer, who had collapsed completely at Royal Troon, was 16 strokes behind the winner.

Payne Stewart of the American team all finished in the top 10. At the US PGA Championship in Chicago, won by Stewart, Ian Woosnam did well to finish sixth, but Stewart's US team-mate, Curtis Strange, tied for second, while Watson and Faldo tied for ninth. Ballesteros was never a contender in the final round, finishing in a tie for 12th. Bernhard Langer, who had collapsed completely at Royal Troon, was 16 strokes behind the winner.

who tied for 20th place, Roman Bafferty (tied for 24th), Lyle and Chris Moody (who both tied for 37th) and Woosnam, who tied at 42nd in a field of 44, played with some lack of distinction, culminating in Lyle's admission that he had withdrawn his name from consideration. Of the American team, Stewart, who was third, and Azinger and Calcavecchia finished in the top 10.

the Europeans field only one newcomer. Their top points scorer, Bafferty, All Five American rookies have experience of British conditions and are seasoned campaigners. The "old" men of the European side are Christy O'Connor Jr, 41, and Jose-Maria Canizares, who is 42, while Watson, 40, and Lanny Wadkins, who will reach that age in December, are the US veterans.

CROSSWORD

No. 7,039 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday September 27, marked Crossword 7,039 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday September 30.

Crossword puzzle grid with numbers 1-27 indicating starting positions for clues.

- ACROSS
1 Celebrators opening picnic baskets may find some (8)
5 Injury from a fall on street (6)
10 Just fitting? (5)
11 Air Traffic incorrectly and this condition may result (9)
12 Means to polish off the mushrooms (8)
13 Sign up for some gardeners (5)
14 "Motorway madness" is just an illusion (6)
15 Behaves harshly to one not ruled by blood (7)
18 Duck rained off? One must be tapped (7)
20 Splendid lines of best clothes (6)
22 Puffed like Graham's caravanner, say (5)
24 No girls are free in such a case (9)
25 He may treat soup with heat (9)
26 Did it have a golden head and tail in America? (5)
27 Chaff dried out with energy (6)
28 Monet ran wild in such embellishment (8)
DOWN
1 Pitcher is a fellow in trouble (6)
2 Tangerine variety like silver (8)
3 Bowlerises and recommends? (4,2,1,4,4)
4 Becomes aware of how to make concrete (7)
6 Was it sung twice for a tanner? (10,5)
7 A courier on the go (5)
8 Infant cutting up (6)
9 Controls bulls (6)
16 Knight-bachelor, say, going round on a horse? (9)
17 Lenten fare for the modern consumer (4,4)

TELEVISION & RADIO

SATURDAY

Television and radio schedule for Saturday, listing programs like BBC1, BBC2, Channel 4, Granada, and Radio across various time slots.

SUNDAY

Television and radio schedule for Sunday, listing programs like BBC1, BBC2, Channel 4, Granada, and Radio across various time slots.



As a tribute to the late Sir Peter Scott C4 is showing "Stilbridge - the Sanctuary on the Severn" at 2pm